Financial Statements and Reports

1987

Edmonton
Introduction

It began in 1795, when the Hudson's Bay Company established Fort Edmonton as a fur trading post. By 1821, Fort Edmonton had become the dominant center of fur trade in the west. Today it continues to be the service center to oil, agricultural and mining sectors in the province of Alberta and northern Canada.

Edmonton is a young city with seventy per cent of the population under the age of 44. Its citizens are from many countries with an ethnic heritage representing more than 50 cultures.

The city boasts Canada's second largest university, the University of Alberta, and one of its largest trade and technical schools, the Northern Alberta Institute of Technology. Edmonton has the largest medical research and treatment facility in Western Canada, the Walter C. MacKenzie Health Sciences Center.

The success of the city's sports teams and its individual athletes has led to adoption of the slogan 'City of Champions'. It is not only in sport where there are champion efforts, however; many other individuals and organizations are involved in pursuits to help enhance the city's reputation.

A very high level of volunteerism has been a trademark of Edmontonians for many years. This was particularly highlighted in the aftermath of the tragic tornado which devastated the city in July, 1987.

There is excellence in many areas: the research and development of new technologies is encouraged, by local programs and private-sector initiative; high quality facilities and services are in place; outstanding achievements in education and health care have been made.

The design and information included in the 1987 Financial Statements describe some of our community's strengths and successes.

May 26, 1988

Financial Synopsis 1987 1988

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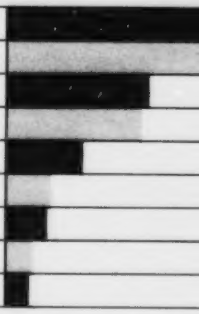
Combined Revenues and Expenditures Source and Distribution — 1987 Results

(in thousands of dollars)

Source of Income Dollar

Utilities	$ 578,127	(41.91)
Taxation	280,707	(20.35)
Education Taxation and Grants	181,491	(13.16)
Departmental Revenue	169,478	(12.28)
Government Grants	83,750	(6.07)
Bus and Light Rail Transit	35,648	(2.58)
Land Operations	30,559	(2.22)
Boards and Authorities	9,982	(0.72)
Other	9,842	(0.71)
	$1,379,584	

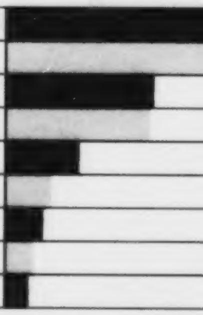


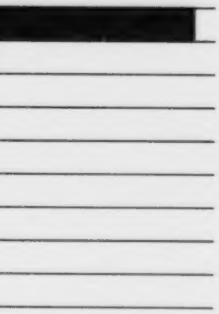
Combined Revenues and Expenditures Source and Distribution — 1988 Estimates

(in thousands of dollars)

Source of Income Dollar

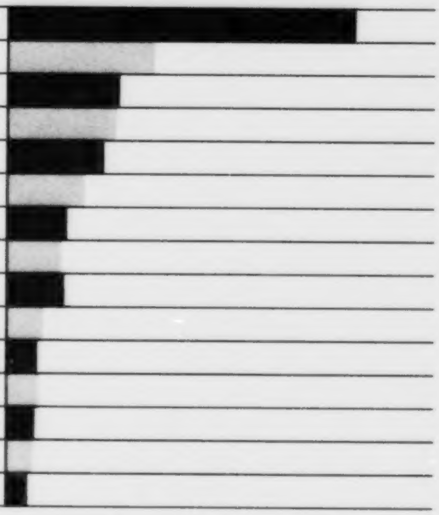
Utilities	$ 598,270	(42.05)
Taxation	288,899	(20.30)
Education Taxation and Grants	190,618	(13.40)
Departmental Revenue	182,682	(12.84)
Government Grants	80,466	(5.66)
Bus and Light Rail Transit	36,844	(2.59)
Land Operations	27,225	(1.91)
Boards and Authorities	9,721	(0.68)
Other	8,109	(0.57)
	$1,422,834	

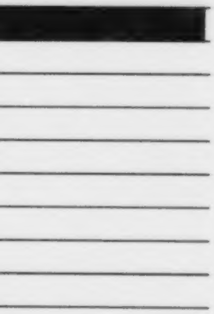




Distribution of Income Dollar

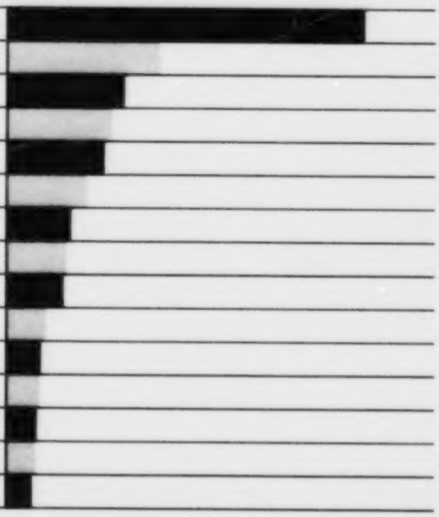
Utilities	$ 483,429	(35.04)
Education	181,491	(13.16)
Protective Services	135,591	(9.83)
Excess of Revenue over Expenditures	127,590	(9.25)
Debt Charges	111,701	(8.10)
Bus and Light Rail Transit	81,050	(5.87)
General Government and Other	57,150	(4.14)
Roadway Services	49,804	(3.61)
Parks and Recreation	52,027	(3.77)
Land Operations	21,398	(1.55)
Boards and Authorities	18,825	(1.36)
Social Services	18,006	(1.31)
Garbage Collection and Storm Sewers	15,629	(1.13)
Capital Expenditures	15,000	(1.09)
Library	10,893	(0.79)
	$1,379,584	





Distribution of Income Dollar

Utilities	$ 494,712	(34.77)
Education	190,618	(13.40)
Protective Services	141,615	(9.95)
Excess of Revenue over Expenditures	120,923	(8.50)
Debt Charges	114,228	(8.03)
Bus and Light Rail Transit	83,587	(5.87)
General Government and Other	63,805	(4.48)
Roadway Services	56,614	(3.98)
Parks and Recreation	54,849	(3.86)
Social Services	21,746	(1.53)
Boards and Authorities	20,487	(1.44)
Land Operations	17,969	(1.26)
Garbage Collection and Storm Sewers	17,606	(1.24)
Capital Expenditures	13,000	(0.91)
Library	11,075	(0.78)
	$1,422,834	



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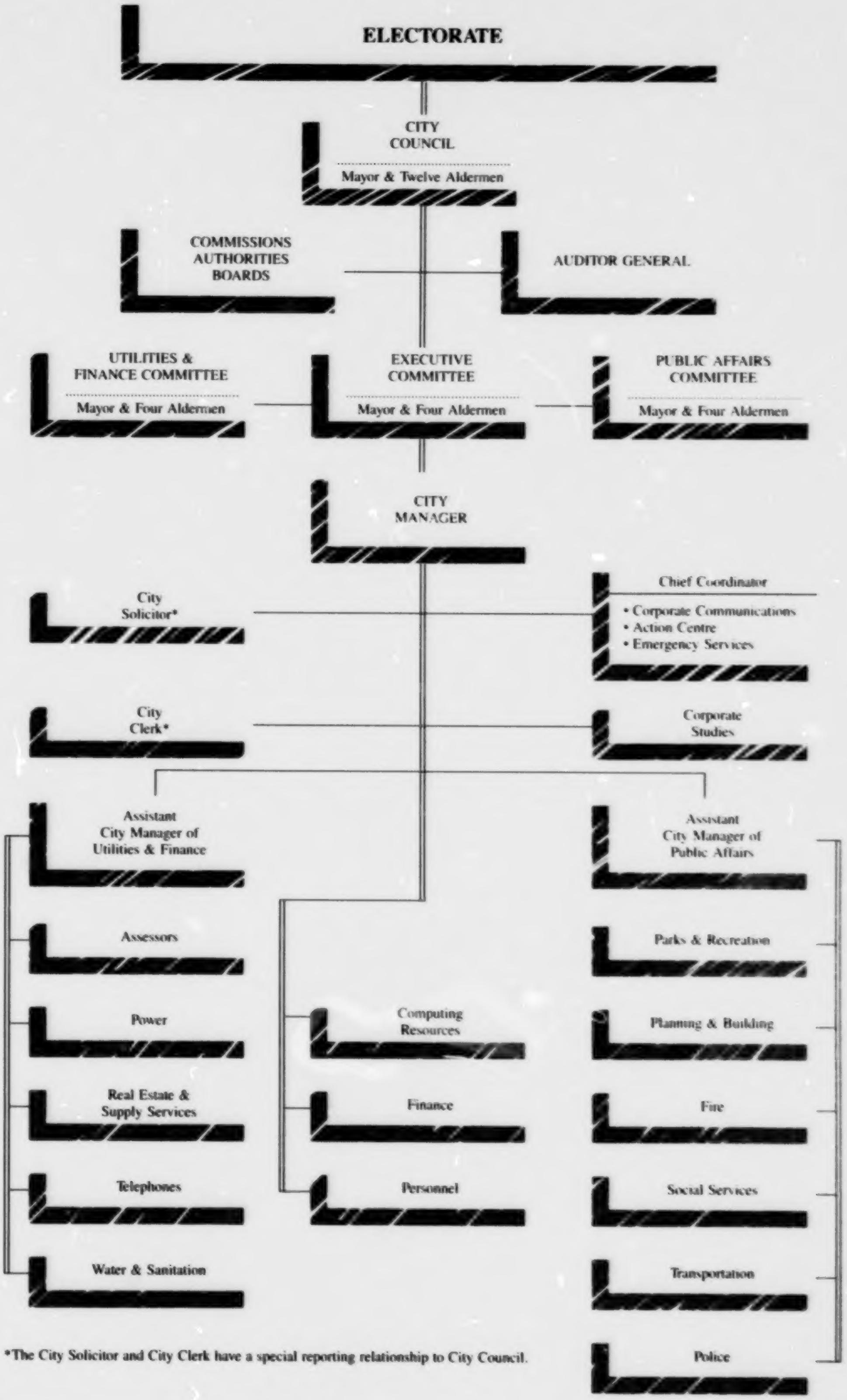
1987 Officials

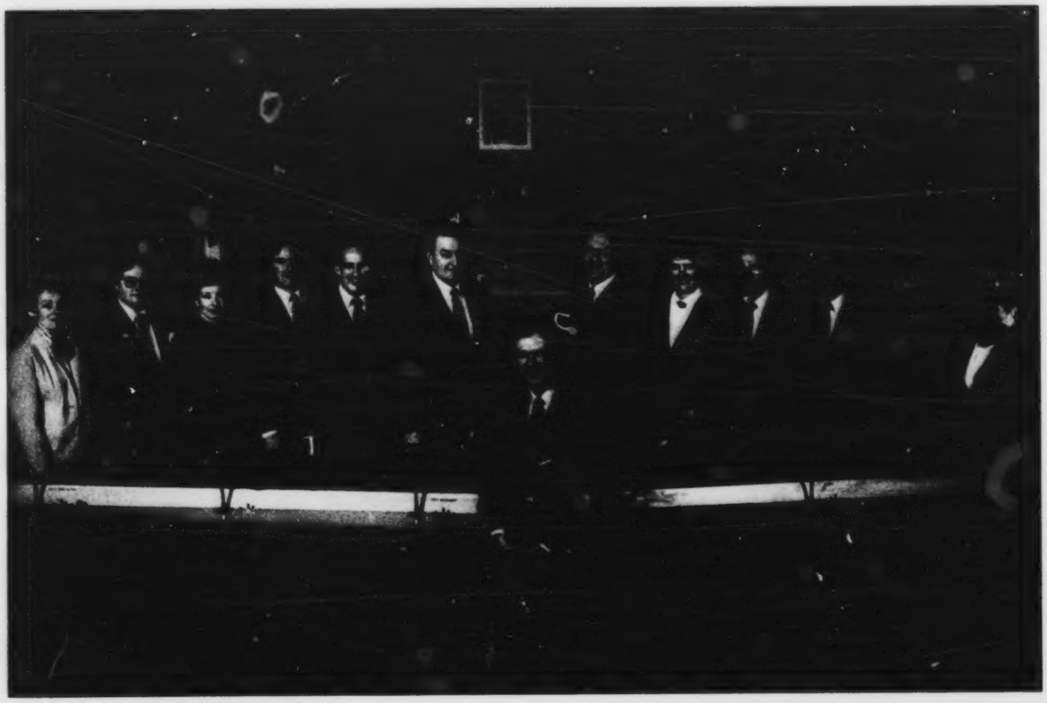
City Manager	C.T.C. Armstrong
Finance	J.K. McAully
Personnel	J.A. Pare
Computing Resources	W.R. Ellwood
Chief Coordinator	J. Tustian
City Solicitor	J. Basey
City Clerk	C.J. McGonigle
Assistant City Manager of Utilities and Finance	Vacant
Assessors	S.M. Scott
Power	E.F. Kyte
Telephones	B. Gibson (Acting)
Water and Sanitation	E. Podivinsky
Real Estate and Supply Services	G. Weese
Assistant City Manager of Public Affairs	Vacant
Planning and Building	B. Duncan
Parks and Recreation	D. Ausman
Social Services	J.A. Lackey
Transportation	R. David
Fire	R.E. Walker
Police	L. Chahley
Auditor General	E.J. Powell
Boards and Authorities:	
Edmonton Northlands	
President	D. Hamilton
General Manager	G.S. Hughes
Royal Alexandra Hospital Board	
Chairman	M. MacDonald
President	E.L. Casey
Edmonton Public Library Board	
Chairman	Ms. S. Pisesky
General Manager	V. Richards
Edmonton Ambulance Authority	
Chairman	Mrs. J. Rossall
General Manager	D. Henderson
Edmonton Convention Centre Authority	
Chairman	Alderman H. Paull
General Manager	E.K. Kolesch
Edmonton Convention and Tourism Authority	
Chairman	A. Palmer
General Manager	R. Antonson
Edmonton Economic Development Authority	
Chairman	R. Snyder
General Manager	W.F. Allcock
Edmonton Research and Development Park Authority	
Chairman	E.A. Babcock
General Manager	G.A. Mitchell
Non-Profit Housing Corporation	
President	J. Reimer
Managing Director	D.A. McCullagh
Police Commission	
Chairman	J. Butler
Chief of Police	L. Chahley

Organization Chart of the Political and Administrative Structures


ELECTORATE
CITY COUNCIL
Mayor & Twelve Aldermen
COMMISSIONS AUTHORITIES BOARDS
AUDITOR GENERAL
UTILITIES & FINANCE COMMITTEE
Mayor & Four Aldermen
EXECUTIVE COMMITTEE
Mayor & Four Aldermen
PUBLIC AFFAIRS COMMITTEE
Mayor & Four Aldermen
CITY MANAGER
City Solicitor*
Chief Coordinator
• Corporate Communications
• Action Centre
• Emergency Services
City Clerk*
Corporate Studies
Assistant City Manager of Utilities & Finance
Assistant City Manager of Public Affairs
Assessors
Parks & Recreation
Power
Computing Resources
Planning & Building
Real Estate & Supply Services
Finance
Fire
Telephones
Personnel
Social Services
Water & Sanitation
Transportation
Police

*The City Solicitor and City Clerk have a special reporting relationship to City Council.

The City of Edmonton Council



From Left to Right:
Alderman Patricia Mackenzie, Alderman Ken B. Kozak, Alderman Lillian J. Staroszik, Alderman Lance D. White, P.Eng., Alderman Mel Binder, Alderman Julian Kinisky, Mayor Laurence Decore, Alderman Ron Hayter, Alderman Judy Bethel, Alderman Bruce Campbell, Alderman Terry Cavanagh, Alderman Jan Reimer, Alderman Helen Paull.

Report from the City Manager

Cy Armstrong
City Manager

Your Worship Mayor Decore and Members of the Council of The City of Edmonton.

It is a pleasure to present the audited Financial Statements and Reports of the corporation of The City of Edmonton for the year ending December 31, 1987.

The year 1987 will be remembered for many things, but the event that stands out for most Edmontonians was the July 31 tornado.

The worst natural disaster in the history of Edmonton was an experience none of us will forget, but both employees of the City of Edmonton and the citizens of our city proved that, in times of need, we set an example of commitment, generosity and compassion.

In 1987, the City of Edmonton felt the impact of provincial cutbacks in the form of a three percent reduction in operating grants and significantly increased provincial and federal taxes. In response, the City's operations were further streamlined to minimize the impact of these cutbacks and maintain service levels. The overall result was that City Council was able to keep tax increases below the rate of inflation for 1987.

Despite a sluggish economy, a number of positive aspects should be noted:

- An updated General Municipal Plan (GMP) was adopted. The plan facilitates growth patterns and focuses on strategies addressing key issues including inner city revitalization; employment; downtown vitality; and commercial corridor control.
- Work on the City-owned $1.5 billion Genesee Power Project is on schedule for commissioning in the fall of 1989.
- Work started on the new Alberta Municipal Partnership in Local Employment (AMPLE) program. This eight to nine year program, financed mainly by provincial grants, allows the reconstruction of some of the City's aging infrastructure, primarily water and sewer lines. Six million dollars in funding was provided in 1987.
- The City achieved a $13.8 million operating surplus in the City's general account.

Edmonton, once again, had the opportunity to welcome royalty. Their Royal Highnesses The Duke and Duchess of York visited Edmonton on July 24 as part of their first Canadian tour. Thanks to the efforts of many people, the event was a great success.

The City reinforced its reputation as the 'City of Champions', when the Oilers captured their third Stanley Cup in 1987 and the Eskimos won the Canadian Football League's coveted Grey Cup.

My commendations and thanks to all civic employees for responding so well to the challenges of 1987.

Respectfully submitted,

Cy Armstrong

Cy Armstrong
City Manager

Report from the General Manager of Finance and City Treasurer

J.K. McAully
General Manager of Finance
and City Treasurer

Your Worship the Mayor and Members of the Council of The City of Edmonton.

The City of Edmonton experienced increasing financial pressures in 1987 as a result of provincial grant reductions, federal tax changes, uncertainty of municipal revenues and continued inflation. These economic constraints presented a major challenge to City Council and the administration in meeting the ongoing objective of preserving municipal services with responsible levels of taxation and utility rates.

It is most gratifying to report that the initiatives introduced by City Council and the administration have been successful in meeting the fiscal challenges of 1987 and achieving the favorable 1987 financial results.

The financial year was highlighted by the adoption of a new revenue sharing agreement with Alberta Government Telephones which significantly increased The City of Edmonton's share of long distance toll revenues. The benefits of the new agreement were quickly passed on to the telephone customers of The City of Edmonton. Business customers who previously paid abnormally high rates to compensate for the lack of toll revenues received major rate reductions and a moratorium was placed on general residential rate increases.

In response to the Mayor's Business Policy Task Force, the Finance Department introduced major changes in business taxation policy. As a result, tax rates were reduced for several classes of business while maintaining total business tax revenue at the 1986 level. These business tax changes combined with the reduction in the millrate differential between single and multi-family residential property and the general assessment of all property to current values have served to move towards a more equitable system of taxation in The City of Edmonton.

The Combined Financial Statements at December 31, 1987 present a summary of the City's operations. Utility operations reported a surplus of $94.7 million while tax supported general government reported a surplus of $13.8 million. Long-term debt was reduced by $55 million, partially due to the early retirement of $90 million in debentures and the impact of the Debt Management Fiscal Policy. Capital expenditures have been controlled within the limits of the debt guidelines strengthening the City's financial position and preparedness for the future.

On behalf of the Finance Department, I would like to thank the Members of Council, the senior management team and other City officials for their continued cooperation and support in maintaining the fiscal integrity of The City of Edmonton.

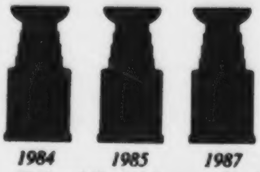
Respectfully submitted,

J.K. McAully
General Manager of Finance and City Treasurer

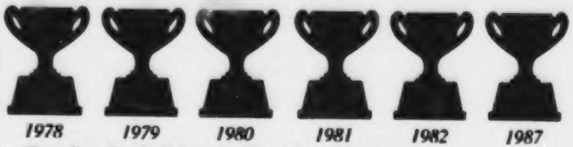
Combined Financial Statements

Leaders in Sports

Edmonton has always had success with its sports teams. Recent years have been particularly noteworthy, however, with championship performances by: professional teams; a number of amateur teams; and individual athletes. In the past 10 years, Edmonton has successfully hosted: the Commonwealth Games; the World University Games; the Intercontinental Cup of Baseball (World Amateur Championships); the Grey Cup; and other contests. The descriptor 'City of Champions' was adopted in 1987.



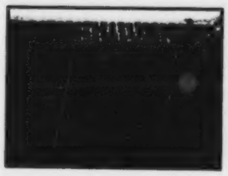
National Hockey League, Stanley Cup Champions.



Canadian Football League, Grey Cup Champions.

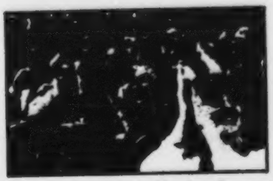
Rick Hansen brought his Man in Motion Tour to the city's Gateway Park.

John Ducey Park, home to the Pacific Coast League Edmonton Trappers.



Commonwealth Stadium, built for the Commonwealth Games of 1978, is home to the Canadian Football League Champion Edmonton Eskimos.

The Edmonton Eskimos returned as Canadian Football League Champions, winning the Grey Cup in 1987. The Eskimos had held the Cup for a record five consecutive years from 1978-1982.



Hockey fans at the Northlands Coliseum, home of the Oilers.

The Stanley Cup was welcomed back to Edmonton in 1987. Edmonton Oilers in the National Hockey League since 1979, also won the Stanley Cup in 1984, 1985.

Susan Nattrass, acknowledged by Mayor Decore for her international achievements in trap shooting competition.

Combined Financial Statements

Auditors' Report

To His Worship the Mayor and Members of Council of
The City of Edmonton

We have examined the combined balance sheets of The City of Edmonton as at December 31, 1987 and 1986 and the combined statements of revenues and expenditures, surplus, reserves for future expenditures, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of The City of Edmonton as at December 31, 1987 and 1986 and the results of its operations and the changes in its financial position for the years then ended in accordance with the accounting principles set out in the Summary of Significant Accounting Policies applied, on a basis consistent with that of the preceding year.

Peat Marwick
Chartered Accountants

Edmonton, Canada
April 22, 1988

Combined Balance Sheets

December 31, 1987 and 1986
(in thousands of dollars)

	1987	1986 (Restated)
ASSETS		
Current Assets		
Short-term investments — at cost (Note 1)	**$ 21,791**	$ 92,815
Investments held in the Reserves Fund — at market (Note 2)	**41,767**	40,368
Taxes receivable	**51,506**	45,154
Due from other governments	**7,197**	4,185
Accounts receivable	**136,355**	185,656
Current portion of local improvement costs recoverable from property owners	**6,839**	6,981
Inventory of materials and supplies — at average cost	**23,409**	22,263
Prepaid expenses	**2,738**	6,596
	291,602	404,018
Long-term leases receivable	**11,406**	9,413
Deferred charges	**13,437**	14,922
Deferred land sales receivable	**6,766**	11,938
Land inventory — at cost	**155,075**	156,187
Land held for future municipal purposes — at cost	**53,342**	57,636
Deferred foreign exchange costs (Note 4)	**2,516**	4,123
Local improvement costs recoverable from property owners	**176,595**	175,737
Sinking Fund investments — at cost (market value $81,851, 1986: $68,411)	**82,328**	67,717
Property, plant and equipment (Note 3)	**2,871,162**	2,666,331
	$3,664,229	$3,568,022

See accompanying notes to financial statements.

Combined Financial Statements

Combined Balance Sheets

December 31, 1987 and 1986
(in thousands of dollars)

	1987	1986 (Restated)
LIABILITIES		
Current Liabilities		
Bank overdraft	**$ 32,932**	$ 24,683
Notes payable	**56,926**	
Accounts payable and accruals	**154,575**	139,292
Accrued interest on long-term debt	**64,627**	71,303
Current portion of long-term debt (Note 4)	**114,760**	121,316
Deferred revenue	**10,051**	10,927
Deposits	**9,032**	8,053
Advances for construction	**15,856**	23,314
	458,759	398,888
Deferred land sales revenue	**3,826**	3,826
Long-term debt (Note 4)	**1,834,883**	1,888,602
Capital lease obligations (Note 4)	**5,568**	68
	1,840,451	1,888,670
EQUITY		
Contributed capital surplus	**653,245**	614,558
General Government surplus (Note 5)	**20,600**	31,568
Utilities retained earnings	**415,156**	364,116
Mill Woods land development enterprise retained earnings	**67,405**	82,668
Land Fund surplus	**40,055**	41,064
Equipment Pool retained earnings	**47,482**	43,190
Water and Sanitation Construction Branch retained earnings	**206**	
Self Insurance Fund surplus	**11,269**	10,878
General surplus	**25,361**	24,453
Sinking Fund surplus	**32,477**	28,432
Research and Development Park Authority deficit		(40)
	1,313,256	1,240,887
Reserves for future expenditures	**47,937**	35,751
	1,361,193	1,276,638
Commitments and contingencies (Notes 6 and 7)		
	$3,664,229	$3,568,022

See accompanying notes to financial statements.

Combined Statements of Revenues and Expenditures

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	1987	1986 (Restated)
REVENUES		
General Government (Schedule)	**$ 751,074**	$ 731,284
Utilities	**621,535**	613,867
Less: Franchise Tax to General Government	**43,408**	39,989
	578,127	573,878
Mill Woods land development enterprise	**15,459**	14,630
Land Fund	**15,100**	15,444
Reserves Fund earnings	**908**	2,237
Excess Sinking Fund earnings	**4,045**	4,090
Edmonton Ambulance Authority	**4,865**	4,933
Edmonton Convention Centre Authority	**3,802**	4,792
Research and Development Park Authority	**1,315**	3,128
	45,494	49,254
NET INTER-FUND TRANSACTIONS		
Equipment Pool	**4,292**	1,776
Water and Sanitation Construction Branch	**(310)**	
Self Insurance Fund	**391**	(100)
	4,373	1,676
	$1,379,068	$1,356,092

See accompanying notes to financial statements.

Combined Statements of Revenues and Expenditures — continued

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	1987	1986 (Restated)
EXPENDITURES		
General Government (Schedule)	**$ 737,225**	$ 720,873
Utilities	**526,837**	503,105
Less: Franchise Tax to General Government	**43,408**	39,989
	483,429	463,116
Mill Woods land development enterprise	**5,289**	2,929
Land Fund	**19,222**	25,446
Less: Interest funded by General Government	**3,113**	6,187
	16,109	19,259
Edmonton Ambulance Authority	**7,154**	5,963
Less: Transfer of deficit to General Government	**2,289**	1,030
	4,865	4,933
Edmonton Convention Centre operating expenditures	**5,263**	6,290
Less: Transfer from Edmonton Convention Centre Reserve	**1,461**	1,498
	3,802	4,792
Research and Development Park Authority	**2,616**	4,767
Less: Funding from General Government	**1,341**	1,817
	1,275	2,950
EXCESS OF REVENUES OVER EXPENDITURES		
General Government	**13,849**	10,411
Utilities	**94,698**	110,762
Mill Woods land development enterprise	**10,170**	11,701
Land Fund (deficit)	**(1,009)**	(3,815)
General	**908**	2,237
Excess Sinking Fund earnings	**4,045**	4,090
Research and Development Park Authority	**40**	178
Equipment Pool	**4,292**	1,776
Water and Sanitation Construction Branch (deficit)	**(310)**	
Self Insurance Fund (deficit)	**391**	(100)
	127,074	137,240
	$1,379,068	$1,356,092

See accompanying notes to financial statements.

Combined Statements of Surplus

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	Contributed Capital	General Government
Balance — January 1		
As previously reported	$614,558	$14,829
Prior period adjustments (Note 8)		16,739
As restated	614,558	31,568
Add: Excess of revenue over expenditures		13,849
Customer and government contributions	55,338	
Transfer from General Government Surplus		
Deduct: Transfers to general revenue		120
Transfers to finance capital projects		7,442
Transfer to Water and Sanitation Construction Branch		516
Transfers to reserves for future expenditures		
Transfer to debt retirement		16,739
Amortization of contributions	16,651	
Dividend payments to general government revenue		
Appropriation for Vacation and income replacement fund liabilities		
	$653,245	$20,600

See accompanying notes to financial statements.

Combined Statements of Reserves for Future Expenditures

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	Municipal Housing Incentive Grants	Redevelopment Levy	Capital Expenditure Tax Levy	District Facilities	Snow Removal	Equipment
Balance — January 1	$8,371	$1,233	$1,100	$1,097	$1,500	$2,596
Source of funds:						
Current year tax levy						
Donations for specific purposes		11				157
Depreciation charged to operations						85
Surplus on operations						
Sale of assets						22
Transfer from surplus from previous years						
Transfer from other reserves						
Transfer from general revenues						500
Interest earned		104		93		
Total Source of Funds		115		93		764
Use of funds:						
Capital expenditures		18		5		571
Donations for specific purposes applied						20
Transfer to operations						
Transfer to other reserves						
Total Use of Funds		18		5		591
Balance — December 31	$8,371	$1,330	$1,100	$1,185	$1,500	$2,769

See accompanying notes to financial statements.

Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool	Water and Sanitation Construction Branch	Self Insurance Fund	General	Sinking Fund	Research and Development Park Authority	TOTAL	
									1987	1986
										(Restated)
$361,138	$82,668	$41,064	$43,190	$	$10,878	$24,453	$28,432	$ (40)	$1,221,170	$1,081,548
2,978									19,717	52,359
364,116	82,668	41,064	43,190		10,878	24,453	28,432	(40)	1,240,887	1,133,907
94,698	10,170	(1,009)	4,292	(310)	391	908	4,045	40	127,074	137,240
									55,338	40,909
				516					516	
	25,433								25,553	25,185
									7,442	4,512
									516	
										500
									16,739	
									16,651	15,915
32,769									32,769	25,057
10,889									10,889	
$415,156	$67,405	$40,055	$47,482	$ 206	$11,269	$25,361	$32,477	$	$1,313,256	$1,240,887

Heritage Festival Park and Edmonton Museum	Capital City Recreation Park	Parks and Recreation General	Convention Centre Reserve	Benefits Reserves	Other Reserves	Total General Government	Utilities Reserve	Reserves Fund of The City of Edmonton	TOTAL	
									1987	1986
										(Restated)
$1,613	$5,017	$6,666	$ 891	$	$2,948	$33,032	$1,000	$1,719	$35,751	$31,642
			2,190			2,190			2,190	1,797
		4,898	100	1,800	204	7,170		240	7,410	6,757
						85			85	55
		(122)			68	(54)		329	275	1,415
					785	807		571	1,378	787
				10,889		10,889			10,889	586
										1,000
	826					1,326			1,326	882
135	480	142			3	957		134	1,091	1,026
135	1,306	4,918	2,290	12,689	1,060	23,370		1,274	24,644	14,305
7		5,191	433		1,272	7,497		829	8,326	5,607
		2,039	232		219	2,510		144	2,654	2,002
			1,461		17	1,478			1,478	1,587
										1,000
7		7,230	2,126		1,508	11,485		973	12,458	10,196
$1,741	$6,323	$4,354	$1,055	$12,689	$2,500	$44,917	$1,000	$2,020	$47,937	$35,751

Combined Statements of Changes in Financial Position

For the Years Ended
December 31, 1987 and 1986
(in thousands of dollars)

	1987	1986 (Restated)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ 127,074**	$ 137,240
Add (deduct):		
Items not affecting working capital:		
Depreciation net of amortization of capital contributions	**148,948**	125,458
Capital expenditures levy	**15,000**	15,000
Amortization of foreign exchange loss and deferred charges	**6,781**	5,038
Transfer from reserves and surplus to General Government	**(73,496)**	(50,245)
Transfer to reserves and surplus from General Government	**11,215**	22,268
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**40,971**	(51,665)
Inventories and prepaid expenses	**2,306**	1,520
Accounts payable and accrued liabilities	**7,512**	39,019
Cash provided by operations	**286,311**	243,633
INVESTING ACTIVITIES		
Capital expenditures including local improvements	**(453,651)**	(323,440)
Disposal of equipment	**10,365**	6,804
Purchase of land	**(9,661)**	(9,286)
Land sales	**21,442**	17,434
Surplus invested in Sinking Fund assets	**(4,045)**	(4,090)
Changes in investments held in the Reserves Fund	**(1,399)**	(3,853)
Net changes in non-cash working capital balances relating to investing activities:		
Accounts receivable	**(920)**	(2,192)
Inventories and prepaid expenses	**178**	(1,158)
Accounts payable and accrued liabilities	**7,632**	1,892
Cash applied to investing activities	**(430,059)**	(317,889)
FINANCING ACTIVITIES		
Debenture borrowings and mortgages	**143,922**	106,562
Increase in capital leases (net)	**7,432**	(4,987)
Changes in accrued interest on long-term debt	**(6,675)**	460
Contributions for capital construction	**29,645**	21,545
Government grants	**49,880**	51,139
Repayment of debentures	**(216,655)**	(111,061)
Other		(3,371)
Cash provided by financing activities	**7,549**	60,287
Decrease in cash position	**(136,199)**	(13,969)
Cash position at beginning of year	**68,132**	82,101
Cash position at end of year	**$ (68,067)**	$ 68,132
Cash is comprised of:		
Short-term investments	**$ 21,791**	$ 92,815
Bank overdraft	**32,932**	24,683
Notes payable	**56,926**	
	$ (68,067)	$ 68,132

See accompanying notes to financial statements.

Summary of Significant Accounting Policies

December 31, 1987

A. Financial Statement Presentation

The Combined Financial Statements include the assets and liabilities, revenues and expenditures, reserves and surplus of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations. This combination has been based on the responsibility and control exercised by the City over these entities. The General Government operations, the Edmonton Utilities, Mill Woods Land Development Enterprise, the Land Fund, the Equipment Pool, the Water and Sanitation Construction Branch, the Self Insurance Fund, the Reserves Fund of The City of Edmonton, the Sinking Fund of The City of Edmonton, the Edmonton Ambulance Authority, the Edmonton Convention Centre Authority, and the Edmonton Research and Development Park Authority are included in this combination.

The Edmonton Convention and Tourism Authority and the Edmonton Economic Development Authority were created by Acts of the Provincial Legislature, and are included in the Combined Financial Statements to the extent of the provision of funds for their operations as approved by City Council.

The Edmonton Public Library Board, the Edmonton Board of Health and the Royal Alexandra Hospitals are administered by separate boards. The City of Edmonton owns certain of their fixed assets and as such, these assets are included in the Combined Financial Statements to the extent that related debenture borrowings are outstanding.

School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act. The only relationship between the School Boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by these two Boards. Thus, the Edmonton School District No. 7 and the Edmonton R.C. Separate School District No. 7 are not included in the Combined Financial Statements.

Edmonton Northlands is a non-profit company incorporated under the Laws of Alberta. The assets and operations of Edmonton Northlands are not included in the Combined Financial Statements.

The City of Edmonton Non-Profit Housing Corporation was incorporated as a limited company under the Companies Act of Alberta. The City of Edmonton is the sole shareholder of the Company. The assets and operations of Non-Profit Housing are not included in the Combined Financial Statements.

The Pension Fund of The City of Edmonton is comprised of the assets and liabilities under the control of the Trustees of The City of Edmonton Pension Fund. The accounts of the Pension Fund are not included in the Combined Financial Statements.

B. General Accounting Principles and Practices

The City of Edmonton organizes its accounting system to segregate accounts and related transactions by function as follows:

(i) General Government Operations include the acquisition and financing of capital facilities and other assets, the various sources of revenues and expenditures, and the payment of interest and principal on long-term debt.

(ii) In addition to the regular municipal operations, the City organizes and operates as accounting entities the following Edmonton Utilities:

Edmonton Power
'edmonton telephones'
Edmonton Water
Edmonton Sanitary Sewage System
Edmonton Municipal Airport

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. In accordance with the City's fiscal policy each Utility pays an annual maximum revenue tax of 8% based on annual qualifying revenues and a 9% dividend based on opening equity. These are included in General Government revenues.

(iii) The Mill Woods land development project, owned and operated by the City, is considered a municipal enterprise for accounting purposes. A self-liquidating financing concept is utilized, with the proceeds from the sale of land being sufficient to offset land acquisition and servicing costs and to provide surplus funds which are dedicated to the City Council approved Debt Management Policy.

(iv) The Land Fund includes land held for future municipal purposes and land inventory held for resale. Land inventory held for resale is comprised of all surplus land not required for municipal or utility purposes. Gains or losses resulting from the sale or transfer of City owned land, except reserve and utility land, are recorded in the Land Fund surplus.

(v) The Equipment Pool includes the vehicle and equipment operations for The City of Edmonton. Revenues are derived from charges made to user departments and the excess of revenues over expenditures, which is recorded as net inter-fund transactions on the combined statements of revenues and expenditures, is retained for the replacement of vehicles and other fixed assets.

(vi) The Water and Sanitation Construction Branch provides storm sewer, sanitary sewer and water line construction services to City departments. Revenues consist of charges for construction work performed. The excess of revenues over expenditures is recorded in the Water and Sanitation Construction Branch retained earnings.

(vii) The Self Insurance Fund encompasses the City's insurance program. Revenues are comprised of premiums charged to all City departments for the insurance of assets, and against any potential insurable losses or liabilities which may be incurred. Surplus funds, which are recorded as net inter-fund transactions on the combined statements of revenues and expenditures, are maintained in the Reserves Fund.

(viii) The City also maintains the Special Funds, each to account for the proceeds of specific revenue sources or to finance specified activities. The Sinking Fund maintains funds required to meet the City's redemption requirements of future years. Sinking Fund investment earnings in excess of those required to meet future debt requirements are maintained within the fund as unappropriated surplus. The Reserves Fund is comprised of funds established to finance various specified activities. Reserves Fund net earnings are distributed to reserve deposits and general surplus (The City of Edmonton equity) based on their proportionate share of the assets.

(ix) The following activities of the City are carried out through authorities created by Acts of the Provincial Legislature:

The Edmonton Research and Development Park Authority for the purpose of operating research and development parks in the City;

The Edmonton Ambulance Authority for the purpose of developing, maintaining, managing and operating an ambulance service in the City;

The Edmonton Convention Centre Authority for the purpose of developing, maintaining, managing and operating a Trade and Convention Centre in the City;

The Edmonton Economic Development Authority for the purpose of promoting and developing the economic growth of the City in a manner consistent with general economic development policies for the City as approved by Council; and

The Edmonton Convention and Tourism Authority for the purpose of promoting and developing the convention and tourism industry in the City in a manner consistent with the general convention and tourism policy for the City as approved by Council.

C. Property, Plant and Equipment

(i) Municipal

Fixed assets employed in General Municipal operations, other than Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit, are recorded at an amount equal to the debenture borrowings. Government grants, developer contributions and costs financed through general operations, are applied to reduce the recorded fixed asset costs. These assets are depreciated at an amount equal to debenture principal repayments.

Summary of Significant Accounting Policies — continued

December 31, 1987

For Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit, fixed assets are recorded at gross cost including any portion financed by developer contributions or government grants. The Equipment Pool and the Water and Sanitation Construction Branch assets are depreciated based on their estimated useful lives. For Storm Sewers, Solid Waste and Edmonton Transit, the debenture financed assets are depreciated at an amount equal to the principal repayments; the portions financed by grants and contributions are depreciated over the estimated useful lives of the assets.

(ii) Utilities

Fixed assets included in Utilities are recorded at gross cost, regardless of financing sources. Interest on funds used during construction is capitalized at short-term borrowing rates. Depreciation is recorded on the gross cost of plant and equipment in service based upon the estimated useful lives of the assets.

D. Local Improvement Costs Recoverable From Property Owners

These receivables originate with local improvements authorized by property owners and undertaken by the City. The construction costs and borrowing costs are recovered through annual special property assessments during the period of the related borrowings.

E. Interest Charges on Long-Term Debt

The City records accrued interest on all outstanding long-term debt.

F. Deferred Revenue

Deferred revenue is mainly composed of advance payments on lease rentals of telephone equipment, and one month advance billings charged by 'edmonton telephones' for telephone rentals to residential customers.

G. Vacation and Sick Benefit Plans

Vacation and sick benefit costs are recorded on a cash basis (see Note 6D).

H. Reserves for Future Expenditures

These reserves represent amounts set aside for future operating and capital expenditures. Additions thereto include profits on certain municipal operations, and donations for specific purposes. The principal decreases in these reserves include the cost of related fixed asset additions and transfers to operations.

I. Land Fund Surplus

In accordance with the direction of City Council, profits from General Municipal land transactions are maintained in a surplus account for the purpose of funding land inventory.

J. Foreign Exchange on Long-Term Debt

All outstanding debt denominated in foreign currencies is translated at year end exchange rates. Gains or losses incurred on foreign exchange translation are deferred and amortized over the remaining life of the related long-term debt.

K. Contributed Capital Surplus

Contributions received from other governments and utility customers in aid of construction are recorded as contributed capital surplus for the Utilities, Storm Sewers, Solid Waste and Edmonton Transit. The contributed capital surplus on depreciable assets is amortized to income over the remaining life of the assets.

Notes to Financial Statements

December 31, 1987

Introduction: All columnar amounts reported in the notes to the financial statements are in thousands of dollars.

Note 1. **Short-Term Investments**
The following balances represent the City's short-term money market investment position:

	1987	1986
Cash	**$ 5,091**	$ 4,545
Short-term investments (notes receivable)	**16,700**	88,270
	$ 21,791	$ 92,815

Note 2. **Investments Held in the Reserves Fund**
$16,406,000 of the Investments held in the Reserves Fund are designated to fund Reserves for Future Expenditures and the Self Insurance Fund. The remaining $25,361,000 is not designated for specific purposes.

Note 3. **Property, Plant and Equipment**
A. The components of capital assets are as follows:

	1986 (Restated)	Net Additions	Grants, Contributions, etc.	1987
General municipal*	$ 636,111	$ 133,396	$ 73,605	**$ 695,902**
Storm and solid waste system	390,022	20,950	(7)†	**410,979**
Water and Sanitation Construction Branch	7,594	139	31†	**7,702**
Edmonton Public Library*	6,694	230	230	**6,694**
Royal Alexandra Hospitals	5,230			**5,230**
Edmonton Board of Health	540			**540**
Equipment Pool	83,423	5,612		**89,035**
Convention Centre*	41,000	434	1,141	**40,293**
Ambulance*	1,621	330	330	**1,621**
Research and Development Park	3,377	3,536		**6,913**
Utilities	2,312,679	232,321††	(24)†	**2,545,024**
Total Assets	3,488,291	$ 396,948	$ 75,306	**3,809,933**
Less: Accumulated depreciation	821,960			**938,771**
Total Net Assets	$2,666,331			**$2,871,162**

* In accordance with the stated general accounting principles and practices the grants and contributions for General Municipal Fixed Assets are deducted from the related costs.

† These amounts represent transfers.

†† Includes capitalized interest of $74,611,000.

	1987	1986
B. Depreciation charged to operations for the year including local improvements and net of amortization of capital contributions	**$148,948**	$125,458

Note 4. **Long-Term Debt**
A. Debt payable at December 31 includes the following amounts:

	1987	1986
Debentures	**$1,915,041**	$1,974,882
Mortgages	**23,734**	22,759
Provision for foreign exchange	**5,052**	6,985
Loan payable — Research and Development Park	**4,267**	4,267
Leases	**7,117**	1,093
Total long-term debt	**1,955,211**	2,009,986
Less current portion	**114,760**	121,316
Long-term debt	**$1,840,451**	$1,888,670

Notes to Financial Statements — continued

December 31, 1987

Principal payments on long-term debt for the next five years are as follows:

	1988	1989	1990	1991	1992
General Government	$ 56,169	$ 44,985	$ 45,793	$ 34,956	$ 26,591
Utilities	56,776	111,658	65,238	68,195	67,325
Land	435	558	618	695	782
Equipment Pool	1,238	130	147	164	185
Research Park	142	189	4,478	239	269
	$114,760	$157,520	$116,274	$104,249	$ 95,152

B. Interest on long-term debt charged to operations before rebate:

	1987	1986
General Government	**$ 65,225**	$ 76,274
Utilities	**81,606**	93,528
Land	**5,440**	7,993
Equipment Pool	**1,381**	1,851
Research Park	**2,527**	4,851
	$156,179	$184,497

C. Existing long-term debt matures in annual amounts to the year 2020 and debenture interest is payable, before Provincial Subsidy, at rates ranging from 0% to 14.00% per annum. Effective January 1, 1988, all interest payable on loans from the Alberta Municipal Financing Corporation has been reduced to a maximum rate of 12.50% per annum. The average annual interest rate is 11.55% for 1987 and 12.45% for 1986, before rebate.

D. For qualifying debt issues other than those issued for the Power and Telephone systems, the Province of Alberta rebates interest in excess of the following percentages and as per the following qualifications:

Debenture Issue Date	**Bylaw Certificate Issue Date**	**Percentage**	**Rebate Term**
January 1, 1974 - March 31, 1980	Not Applicable	8	Full
April 1, 1980 - March 26, 1981	Not Applicable	9	Full
March 27, 1981 - March 31, 1982	Not Applicable	11	Full
April 1, 1982 - March 31, 1985	Prior to April 1, 1980	11	5 Years
	April 1, 1980 - March 31, 1982	11	Full
	April 1, 1982 - March 27, 1983	11	5 Years
April 1, 1985 - March 28, 1986	Prior to March 31, 1982	No Rebate	
	April 1, 1982 - March 27, 1983	11	5 Years
After March 28, 1986	Not Applicable	No Rebate	

E. The deferred foreign exchange costs represent the unamortized amount of $2,516,000 (1986: $4,123,000), pertaining to U.S. issues Series 'AB', 'S' and 'T' to be charged to operations over the remaining life of the loans.

Note 5. **General Government Surplus**

	1987	1986 (Restated)
Appropriated for general government	**$13,300**	$19,239
Retained for future years' revenue stabilization	**7,300**	12,329
	$20,600	$31,568

Note 6. **Commitments**

A. Capital Requirements
City Council has approved a 1988 capital budget of $470,760,000 which is to be funded as follows:

Reserves, grants and developer contributions	$197,302
Self-liquidating debentures	236,774
Capital expenditure levy	15,000
Tax supported debentures	21,684
	$470,760

Capital expenditures related to Genesee Power Project represent $223,027,000 of the 1988 capital budget. The City will require additional funds of $558,433,000 from 1989 to 1991 for this project.

B. Leases of Transit Buses
Prior to December 31, 1978, certain Transit buses had been financed through sale and leaseback arrangements. These leases were not accounted for as capital leases and therefore are not included in the balance sheet. The assets and liabilities that would have been included had the leases been accounted for as capital are:

Assets	1987	1986
Equipment under capital lease	**$16,116**	$16,116
Less: accumulated depreciation	**10,924**	9,843
	$ 5,192	$ 6,273
Liabilities		
Capital lease	**$ 6,904**	$ 8,138

Had the leased buses been recorded as capital, they would have been amortized on a straight-line basis, over their economic life of 15 years. Because they were not recorded as capital, the operating expenditures are higher by $153,252 in 1987 and by $66,409 in 1986.

The lease expiry dates range from 1988 to 1993. The total minimum lease payments to 1993 are $8,524,000. Minimum lease payments for the next five years are:

1988	$1,642
1989	1,523
1990	1,523
1991	1,523
1992	1,373

C. Pension Plans
All employees of The City of Edmonton, with the exception of Policemen, are members of the Local Authorities Pension Plan of the Province of Alberta. Policemen are members of the Provincial Special Forces Pension Plan. In both Plans, the City is responsible only for deducting and remitting monthly contributions. The City is responsible for the pension requirements of those members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta.

In addition, The City of Edmonton has a Supplementary Pension Plan for its Firefighters. The most recent actuarial report for this fund completed as at December 31, 1986, using the attained age method, indicates an unfunded liability of approximately $10,600,000. Of this amount, $3,775,000 has been recorded as an accrued liability within General Government. The City will record the remaining liability within General Government by an annual operating charge of $1,000,000.

D. Vacation and Sick Pay Benefit Plans

As at December 31, 1987 the City has an accrued liability for vacation pay of approximately $30,300,000. In 1987, approximately $7,300,000 of this amount was recorded as an allocation from surplus to the Benefits Reserve account. The remaining $23,000,000 will be provided from future years' surpluses.

An actuarial report of the City's sick benefit plan as at December 31, 1987 shows an unfunded liability of approximately $25,000,000. In 1987, approximately $5,400,000 was transferred from surplus to the Benefits Reserve account. An additional $5,000,000 has been recognized as a liability within General Government. The remaining $14,600,000 has not been recorded in the Combined Financial Statements.

E. Tornado Costs

As a result of a tornado which occurred July 31, 1987, The City of Edmonton incurred capital and operating expenditures for replacement and repair of damage. Expenditures of $5,633,000 were incurred to December 31, 1987. The Government of Alberta provides financial assistance under the Disaster Assistance Program to reimburse eligible costs of municipal emergency operations and restoration of public works.

In January 1988, $2,856,000 was received from the Provincial Government under this program, and has been recorded as either a reduction of expenditures or as an addition to contributed capital within the combined financial statements. In April 1988, a further $850,000 was received which has not been recorded in the Combined Financial Statements. This amount along with any further recoveries will be recorded as a prior period adjustment in the year in which it is received.

Note 7. **Contingencies**

The City is defendant in various lawsuits as of December 31, 1987. While it is impossible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City.

Note 8. **Prior Period Adjustments**

A. The toll settlement agreement between The City of Edmonton ('edmonton telephones') and the Province of Alberta (Alberta Government Telephones) resulted in an interim payment for retroactive amounts for 1986. As a result, the 1986 Utilities revenue, accounts receivable and retained earnings increased by $2,978,000.

B. During 1987, a transfer of $16,739,000, which was the residual award to the City from a prior year litigation settlement, was transferred from the Pension Fund of The City of Edmonton to General Government. This resulted in an increase in General Government 1986 surplus and accounts receivable of $16,739,000. These funds were used during 1987 for the retirement of Convention Centre debenture debt.

Note 9. **Reclassification**

Certain 1986 figures have been restated to conform to 1987 financial statement presentation.

Schedule of General Government Revenues and Expenditures

For the Years Ended
December 31, 1987 and 1986
(in thousands of dollars)

	1987	1986 (Restated)
REVENUES		
Taxation:		
General municipal taxes	**$197,011**	$189,371
Business taxes	**52,811**	57,008
Local improvement taxes	**28,590**	27,837
Other	**2,295**	1,921
	280,707	276,137
Government Grants:		
Municipal assistance	**15,357**	15,806
Police	**10,073**	10,839
Social services	**10,199**	9,080
Provincial government in lieu of taxes	**16,847**	14,190
Federal government in lieu of taxes	**2,673**	2,143
Interest stabilization rebate	**11,022**	15,435
Transit operating grant	**6,145**	6,251
Subsidized housing	**1,616**	1,816
Cultural and recreational	**4,898**	4,992
Engineering highway maintenance	**4,548**	5,027
Other	**372**	358
	83,750	85,937
Utility Contributions — franchise tax	**43,408**	39,989
Franchises and Rents:		
Gas franchise tax	**13,926**	16,705
Rental of City properties	**4,110**	4,545
Subsidy housing rentals	**280**	276
	18,316	21,526
Bus and Light Rail Transit	**35,648**	36,207

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	1987	1986 (Restated)
Service Fees and Other:		
Parks and Recreation	**12,606**	11,435
Real Estate and Housing	**887**	679
Planning	**1,113**	912
Police	**786**	810
Engineering	**1,322**	982
Sanitation	**1,652**	1,347
Water and Sanitation Construction Branch		516
Other	**1,885**	1,425
	20,251	18,106
Licenses, Permits and Parking:		
Parking operations	**3,626**	3,144
Licenses and permits	**6,422**	6,072
	10,048	9,216
Fines	**8,707**	7,018
Interest:		
Interest on investments and loans	**4,000**	4,000
Tax penalties net of discounts	**6,409**	6,216
	10,409	10,216
Total Municipal Revenues before transfers	**511,244**	504,352
Transfers:		
Transfer from Reserves for Future Expenditures	**17**	89
Transfer from Mill Woods Retained Earnings	**25,433**	25,099
Transfer from Utilities — dividends	**32,769**	25,057
Surplus from previous year	**120**	
	58,339	50,245
Total Municipal Revenues	**569,583**	554,597
Education:		
Taxation	**170,209**	165,603
Government grants in lieu of taxes	**11,282**	11,084
	181,491	176,687
TOTAL REVENUES	**$751,074**	$731,284

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	1987	1986 (Restated)
EXPENDITURES		
Debt Charges:		
General debt	**$ 83,134**	$ 82,793
Local improvement debt	**28,567**	29,281
	111,701	112,074
Protective Services:		
Police	**74,449**	71,840
Fire	**54,227**	52,607
Bylaw enforcement	**6,915**	6,972
	135,591	131,419
Parks and Recreation	**52,027**	49,495
Social Services	**18,006**	17,605
Garbage Collection and Storm Sewer	**15,629**	15,233
Roadway Services:		
Roadway maintenance	**20,637**	22,006
Snow and ice removal	**6,931**	9,110
Street lighting	**5,882**	5,465
Traffic lights and signs	**3,310**	2,874
Offstreet parking	**2,842**	2,722
Street cleaning	**3,755**	3,691
Transportation system design	**3,150**	3,175
Other	**3,297**	4,442
	49,804	53,485
General Municipal Government:		
Corporate management	**36,152**	34,652
City property management and maintenance	**4,070**	4,912
	40,222	39,564
City Council and Mayor's Office	**1,847**	1,722
Bus and Light Rail Transit	**81,050**	79,678
Provision for uncollectible business taxes	**7,216**	5,422
Assessment appeal tax reductions	**4,209**	4,725
Tax Concession	**2,430**	
Business tax rebate program		56
Capital expenditures	**15,000**	15,000

Schedule of General Government Revenues and Expenditures — continued

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	1987	1986 (Restated)
Edmonton Public Library Board	**10,893**	10,348
Edmonton Ambulance Authority	**2,289**	1,030
Convention Centre Reserve	**2,190**	1,797
Edmonton Convention and Tourism Authority	**1,010**	903
Edmonton Economic Development Authority	**1,482**	1,441
Edmonton Research and Development Park Authority	**1,341**	1,817
Other Boards and Authorities	**471**	490
Total Municipal Expenditures before transfers	**554,408**	543,304
Transfers:		
Reserve for Future Expenditures	**1,326**	882
Total Municipal Expenditures	**555,734**	544,186
Education:		
Provincial School Foundation Act	**28,048**	30,651
Public School District No. 7	**113,900**	108,206
Separate School District No. 7	**39,543**	37,830
	181,491	176,687
TOTAL EXPENDITURES	**737,225**	720,873
TOTAL REVENUES	**751,074**	731,284
Excess of revenues over expenditures	**$ 13,849**	$ 10,411

Comments on Supplementary Financial Information

December 31, 1987

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the combined financial statements of The City of Edmonton for the year ended December 31, 1987.

We do not express an opinion on the following schedules since our examination did not extend to the detailed information therein.

Edmonton, Canada
April 22, 1988

Peat Marwick
Chartered Accountants

Combined Financial Statements

Analysis of Combined Balance Sheet

December 31, 1987
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
ASSETS					
Current Assets					
Short-term investments — at cost	$ 21,791	$	$	$	$
Investments held in the Reserves Fund — at market	25,361				
Taxes receivable	51,506				
Due from other governments	7,197				
Accounts receivable	20,529	111,366	2,435		1
Current portion of local improvement costs recoverable from property owners	6,839				
Inventory of materials and supplies — at average cost	8,987	13,910			203
Prepaid expenses	1,213	801			2
Inter-operation balance	171,910	(118,805)	44,860	(106,281)	10,273
	315,333	7,272	47,295	(106,281)	10,479
Long-term leases receivable	64	11,342			
Deferred charges	5,969	7,303			
Deferred land sales receivable	6,766				
Land inventory — at cost			20,509	122,685	
Land held for future municipal purposes — at cost				53,342	
Deferred foreign exchange costs	914	1,602			
Local improvement costs recoverable from property owners	176,595				
Sinking Fund investments — at cost	2,938	46,590			
Property, plant and equipment	840,627	1,975,994			46,601
	$1,349,206	$2,050,103	$ 67,804	$ 69,746	$ 57,080

Water & Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1987	Combined Balance Sheet 1986 (Restated)
$	$	$	$	$	$	$	$ 21,791	$ 92,815
	14,386	2,020					41,767	40,368
							51,506	45,154
							7,197	4,185
18	188	6		754	396	662	136,355	185,656
							6,839	6,981
122				68	119		23,409	22,263
	589			45	88		2,738	6,596
(633)				(128)	(319)	(877)		
(493)	15,163	2,026		739	284	(215)	291,602	404,018
							11,406	9,413
					165		13,437	14,922
							6,766	11,938
						11,881	155,075	156,187
							53,342	57,636
							2,516	4,123
							176,595	175,737
			32,800				82,328	67,717
1,526				236		6,178	2,871,162	2,666,331
$ 1,033	$ 15,163	$ 2,026	$ 32,800	$ 975	$ 449	$ 17,844	$3,664,229	$3,568,022

Combined Financial Statements

Analysis of Combined Balance Sheet

December 31, 1987
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
LIABILITIES					
Current Liabilities					
Bank overdraft	$ 32,903	$	$	$	$
Notes payable	56,926				
Accounts payable and accruals	124,603	23,026	399		80
Accrued interest on long-term debt	21,921	41,665		343	369
Current portion of long-term debt	56,006	56,776		434	1,238
Deferred revenue	2,849	7,202			
Deposits	1,451	7,534			
Advances for construction	14,350	1,406			
	311,009	137,609	399	777	1,687
Deferred land sales revenue	3,826				
Long-term debt	465,960	1,316,583		28,914	7,911
Capital lease obligations	5,568				
	471,528	1,316,583		28,914	7,911
EQUITY					
Contributed capital surplus	471,965	179,755			
General Government surplus	20,600				
Utilities retained earnings		415,156			
Mill Woods land development enterprise retained earnings			67,405		
Land Fund surplus				40,055	
Equipment Pool retained earnings					47,482
Water and Sanitation Construction Branch retained earnings					
Self Insurance Fund surplus					
General surplus	25,361				
Sinking Fund surplus					
Research and Development Park Authority deficit					
	517,926	594,911	67,405	40,055	47,482
Reserves for future expenditures	44,917	1,000			
	562,843	595,911	67,405	40,055	47,482
	$1,349,206	$2,050,103	$ 67,804	$ 69,746	$ 57,080

Water & Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1987	1986
								(Restated)
$	$	$	$	$ 18	$ 11	$	$ 32,932	$ 24,683
							56,926	
727	3,894	6	323	589	391	537	154,575	139,292
				17		312	64,627	71,303
				164		142	114,760	121,316
							10,051	10,927
					47		9,032	8,053
100							15,856	23,314
827	3,894	6	323	788	449	991	458,759	398,888
							3,826	3,826
				184		15,331	1,834,883	1,888,602
							5,568	68
				184		15,331	1,840,451	1,888,670
				3		1,522	653,245	614,558
							20,600	31,568
							415,156	364,116
							67,405	82,668
							40,055	41,064
							47,482	43,190
206							206	
	11,269						11,269	10,878
							25,361	24,453
			32,477				32,477	28,432
								(40)
206	11,269		32,477	3		1,522	1,313,256	1,240,887
		2,020					47,937	35,751
206	11,269	2,020	32,477	3		1,522	1,361,193	1,276,638
$ 1,033	$ 15,163	$ 2,026	$ 32,800	$ 975	$ 449	$ 17,844	$3,664,229	$3,568,022

Combined Utilities Financial Statements

Leaders in Technology

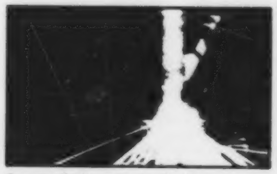
Canadians have enjoyed a strong reputation for excellence in specific areas of science and research.

Edmonton through its University, business and research community contributes its share of new solutions to challenges in a variety of areas including laser technology, telecommunications, petrochemical and health research.

A major facility for health research is the Walter C. MacKenzie Health Sciences Center. The MacKenzie Center is the transplant center for Western Canada specializing in research, education and patient care.

Scientist at Cross Cancer Institute uses video-image analysis to detect and quantitate tumor hypoxia.

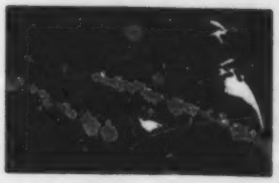
Fibre optics have made communications, and even surgical techniques, more efficient.



Laser device at work. Lasers are now used as surgical tools, sensing instruments and in manufacturing. The usefulness of this versatile tool fuels an accelerating demand for development and new applications.

The west atrium of the Walter C. MacKenzie Health Sciences Center, the largest medical center in Western Canada, located on the University of Alberta campus.

A CT scanner (computer tomographic whole-body scanner) is very useful in early detection of potentially life-threatening health conditions in the body.



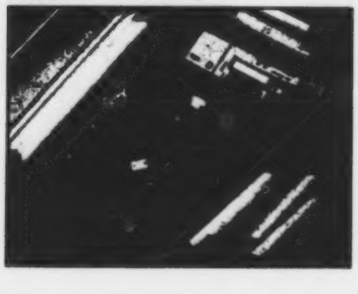
Microscopic orthopedic surgery at MacKenzie Center.

Toxicology analysis equipment at MacKenzie Center.

Edmonton Research and Development Park has been set aside as a central site for research-based and technology-intensive industry. Firms involved in telecommunications and biochemical research, among others, are located there.

Multi-purpose research building at the Edmonton Research and Development Park.

This new electronic pressure and temperature probe, developed in Edmonton, achieves levels of performance previously considered unattainable. It will soon be used in downhole testing in the oil industry.



Utilities

City-owned Utilities

The City owns and operates all major public utility services, with the exception of natural gas. The utilities are Edmonton Power, 'edmonton telephones', Edmonton Water, Edmonton Municipal Airport and Edmonton Sanitary Sewage System.

Utility Fiscal Policy

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. A fiscal policy has been adopted by City Council to establish utility objectives in the areas of rates setting, municipal taxation and contribution of earnings to the City.

The policy for the five utilities establishes a rate of return on opening equity equal to 15%. Of this rate of return, 60% is required as a contribution of profits to the general revenues of the City. The remaining 40% is retained within the utilities. In addition, the City charges a maximum 8% franchise tax on utility revenues in lieu of property and business taxes and other costs associated with the exclusive rights afforded each utility. This tax is included in the City's general revenues.

Combined Utilities Financial Statements

Balance Sheet

December 31, 1987 and 1986
(in thousands of dollars)

	Edmonton Municipal Airport	
	1987	1986
ASSETS		
Current assets:		
Due from The City of Edmonton	**$ 6,513**	$ 7,145
Accounts receivable less doubtful accounts	**652**	462
Inventory of material and supplies — at average cost		
Prepaid expenses		
	7,165	7,607
Long-term leases receivable		
Deferred charges:		
Foreign exchange loss		
Debenture discount and expense less amortization		
Other		
Property accounts:		
Land, buildings and equipment	**22,539**	21,231
Less accumulated depreciation	**7,325**	6,514
	15,214	14,717
Construction in progress	**96**	50
	15,310	14,767
The City of Edmonton Sinking Fund		
	22,475	22,374
LIABILITIES		
Current liabilities:		
Due to The City of Edmonton		
Accounts payable and accruals	**54**	53
Accrued interest on long-term debt	**131**	136
Unearned revenues		
City customer guarantee deposits	**60**	58
Current portion of long-term debt	**179**	161
	424	408
Reserve for future expenditures		
Customer advances		
Long-term debt:		
Debentures payable	**3,383**	3,562
Provision for foreign exchange		
Capital lease obligations		
	3,383	3,562
EQUITY		
The City of Edmonton	**18,668**	18,404
Contributions and grants for extensions to plant		
	18,668	18,404
	$22,475	$22,374

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1987	1986	1987	1986	1987	1986	1987	1986	1987	1986
			(Restated)						(Restated)
$	$	$	$	$	$ 932	$	$ 3,779	$ 6,513	$ 11,856
40,123	41,730	58,843	93,620	4,235	4,140	7,513	7,788	111,366	147,740
4,728	4,443	8,188	7,349			994	1,166	13,910	12,958
627	631	145	1,686		1	29	24	801	2,342
45,478	46,804	67,176	102,655	4,235	5,073	8,536	12,757	132,590	174,896
		11,342	9,344					11,342	9,344
956	1,459	646	982					1,602	2,441
3,579	3,432	164	196			28	33	3,771	3,661
		78	48	425	532	3,029	3,977	3,532	4,557
4,535	4,891	888	1,226	425	532	3,057	4,010	8,905	10,659
541,196	521,307	588,977	576,651	225,053	210,404	434,940	417,252	1,812,705	1,746,845
209,334	191,105	221,264	201,728	49,404	46,149	81,703	75,349	569,030	520,845
331,862	330,202	367,713	374,923	175,649	164,255	353,237	341,903	1,243,675	1,226,000
709,537	543,324	5,224	14,473	3,579	4,128	13,883	3,859	732,319	565,834
1,041,399	873,526	372,937	389,396	179,228	168,383	367,120	345,762	1,975,994	1,791,834
37,316	28,390	7,750	6,983	732	611	792	635	46,590	36,619
1,128,728	953,611	460,093	509,604	184,620	174,599	379,505	363,164	2,175,421	2,023,352
46,146	27,343	60,580	39,110	7,635		10,957		125,318	66,453
13,868	12,190	6,282	15,218	945	1,027	1,877	3,263	23,026	31,751
20,516	19,746	9,946	13,211	3,501	3,538	7,571	7,705	41,665	44,336
		7,202	8,260					7,202	8,260
4,612	4,274	1,458	1,055	490	417	914	812	7,534	6,616
34,547	26,476	13,715	21,913	3,231	2,965	5,104	4,414	56,776	55,929
119,689	90,029	99,183	98,767	15,802	7,947	26,423	16,194	261,521	213,345
1,000	1,000							1,000	1,000
				52	52	1,354	1,354	1,406	1,406
720,879	621,441	258,810	313,078	104,424	107,565	227,292	232,314	1,314,788	1,277,960
1,077	1,598	718	1,065					1,795	2,663
			68						68
721,956	623,039	259,528	314,211	104,424	107,565	227,292	232,314	1,316,583	1,280,691
252,672	209,376	97,342	92,961	5,289	4,542	41,185	38,833	415,156	364,116
33,411	30,167	4,040	3,665	59,053	54,493	83,251	74,469	179,755	162,794
286,083	239,543	101,382	96,626	64,342	59,035	124,436	113,302	594,911	526,910
$1,128,728	$953,611	$460,093	$509,604	$184,620	$174,599	$379,505	$363,164	$2,175,421	$2,023,352

Combined Utilities Financial Statements

Statement of Income

For the Years Ended
December 31, 1987 and 1986
(in thousands of dollars)

	Edmonton Municipal Airport	
	1987	1986
Revenue	**$7,676**	$7,688
Expenditures:		
Maintenance	**2,691**	2,823
Operating	**1,724**	1,718
Franchise Tax	**614**	615
Depreciation	**811**	711
Alberta Electrical Marketing Agency Transfer Payments		
	5,840	5,867
Net income before interest charges	**1,836**	1,821
Debenture interest	**424**	439
Interest capitalized		
Provincial Government Rebate	**(102)**	(104)
Other interest	**(596)**	(725)
Amortization of debenture discount and foreign exchange loss		
	(274)	(390)
Net income before other items	**2,110**	2,211
Amortization of contributions		
NET INCOME	**$2,110**	$2,211

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1987	1986	1987	1986	1987	1986	1987	1986	1987	1986
			(Restated)						(Restated)
$279,646	$271,295	$232,651	$241,156	$30,386	$28,129	$71,176	$65,599	$621,535	$613,867
14,323	13,338	32,177	32,917	5,340	3,533	14,046	13,561	68,577	66,172
106,312	120,423	84,774	76,993	9,974	10,110	17,939	17,385	220,723	226,629
21,898	21,176	13,620	11,454	2,387	2,222	4,889	4,522	43,408	39,989
18,379	17,201	45,506	50,470	3,255	3,039	7,886	7,383	75,837	78,804
48,727	8,368							48,727	8,368
209,639	180,506	176,077	171,834	20,956	18,904	44,760	42,851	457,272	419,962
70,007	90,789	56,574	69,322	9,430	9,225	26,416	22,748	164,263	193,905
77,173	72,884	37,922	41,769	11,609	11,944	28,079	30,048	155,207	157,084
(73,376)	(61,070)	(564)	(629)	(105)	(88)	(566)	(1,769)	(74,611)	(63,556)
				(2,054)	(2,566)	(5,217)	(7,348)	(7,373)	(10,018)
1,167	1,003	(840)	1,085	(283)	(440)	(551)	(1,312)	(1,103)	(389)
894	2,162	220	1,186			10	11	1,124	3,359
5,858	14,979	36,738	43,411	9,167	8,850	21,755	19,630	73,244	86,480
64,149	75,810	19,836	25,911	263	375	4,661	3,118	91,019	107,425
1,407	1,275	193	199	893	795	1,186	1,068	3,679	3,337
$ 65,556	$ 77,085	$ 20,029	$ 26,110	$ 1,156	$ 1,170	$ 5,847	$ 4,186	$ 94,698	$110,762

Combined Utilities Financial Statements

Statement of The City of Edmonton Equity

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	Edmonton Municipal Airport 1987	Edmonton Municipal Airport 1986
Balance — January 1		
As previously reported	**$18,404**	$17,795
Prior period adjustment		
As restated	**18,404**	17,795
Add — Net income for year	**2,110**	2,211
Less — Dividend payments to The City of Edmonton	**1,656**	1,602
— Adjustment for vacation pay and income replacement	**190**	
	1,846	1,602
Balance — December 31	**$18,668**	$18,404

Statement of Contributions and Grants for Extensions to Plant

For the Years Ended December 31, 1987 and 1986 (in thousands of dollars)

	Edmonton Municipal Airport 1987	Edmonton Municipal Airport 1986
Balance — January 1	**$**	$
Add — Government grants		
Customer contributions		
Less — Amortization		
Balance — December 31	**$**	$

Edmonton Power		'edmonton · telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1987	1986	1987	1986	1987	1986	1987	1986	1987	1986
			(Restated)						(Restated)
$209,376	$145,375	**$89,983**	$38,569	**$4,542**	$3,705	**$38,833**	$38,074	**$361,138**	$243,518
		2,978	34,893					**2,978**	34,893
209,376	145,375	**92,961**	73,462	**4,542**	3,705	**38,833**	38,074	**364,116**	278,411
65,556	77,085	**20,029**	26,110	**1,156**	1,170	**5,847**	4,186	**94,698**	110,762
18,843	13,084	**8,366**	6,611	**409**	333	**3,495**	3,427	**32,769**	25,057
3,417		**7,282**						**10,889**	
22,260	13,084	**15,648**	6,611	**409**	333	**3,495**	3,427	**43,658**	25,057
$252,672	$209,376	**$97,342**	$92,961	**$5,289**	$4,542	**$41,185**	$38,833	**$415,156**	$364,116

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1987	1986	1987	1986	1987	1986	1987	1986	1987	1986
			(Restated)						(Restated)
$30,167	$28,115	**$3,665**	$3,665	**$54,493**	$51,009	**$74,469**	$68,907	**$162,794**	$151,696
463	544			**523**	13	**335**	10	**1,321**	567
4,188	2,783	**568**	199	**4,930**	4,266	**9,633**	6,620	**19,319**	13,868
4,651	3,327	**568**	199	**5,453**	4,279	**9,968**	6,630	**20,640**	14,435
1,407	1,275	**193**	199	**893**	795	**1,186**	1,068	**3,679**	3,337
$33,411	$30,167	**$4,040**	$3,665	**$59,053**	$54,493	**$83,251**	$74,469	**$179,755**	$162,794

Combined Utilities Financial Statements

Statement of Changes in Financial Position

For the Years Ended
December 31, 1987 and 1986
(in thousands of dollars)

	Edmonton Municipal Airport	
	1987	1986
Operating Activities		
Excess revenues over expenditures	**$2,110**	$2,211
Add (deduct) items not affecting working capital:		
Depreciation	**811**	711
Amortization of contributions		
Amortization of foreign exchange loss and deferred charges		
Transfer from reserves and surplus to general government:		
Dividend	**(1,656)**	(1,602)
Vacation pay and income replacement	**(190)**	
Other		
Net change in non-cash working capital balances:		
Accounts receivable	**(190)**	154
Inventories and prepaid expenses		
Accounts payable and accrued liabilities	**3**	(22)
Unearned revenue		
Reserve for future expenditure		
Cash provided from operating activities	**888**	1,452
Investing Activities		
Purchase of property, plant and equipment	**(1,354)**	(1,517)
Inventory reclassified to property, plant and equipment		
Sale and disposal of fixed assets		
Net change in non-cash working capital balances:		
Accounts receivable		
Inventories and prepaid expenses		
Accounts payable and accrued liabilities		
Cash applied to investing activities	**(1,354)**	(1,517)
Financing Activities		
Debenture borrowings		
Payment of long-term debt	**(161)**	(145)
Payment of capital leases		
Customer advances (net)		
Long-term leases receivable		
Other deferred charges		
Customer contributions		
Government grants		
Change in accrued interest	**(5)**	(5)
Cash provided by financing activities	**(166)**	(150)
Increase (decrease) in cash position	**(632)**	(215)
Cash position at beginning of year	**7,145**	7,360
Cash position at end of year	**$6,513**	$7,145

Edmonton Power		**'edmonton telephones'**		**Edmonton Sanitary Sewage System**		**Edmonton Water**		**Combined Utilities**	
1987	1986	1987	1986	1987	1986	1987	1986	1987	1986
			(Restated)						(Restated)
$ 65,556	$ 77,085	**$ 20,029**	$ 26,110	**$ 1,156**	$ 1,170	**$ 5,847**	$ 4,186	**$ 94,698**	$110,762
18,379	17,202	**45,506**	50,470	**3,255**	3,039	**7,886**	7,383	**75,837**	78,805
(1,407)	(1,275)	**(193)**	(198)	**(893)**	(795)	**(1,186)**	(1,068)	**(3,679)**	(3,336)
579	1,814	**124**	1,086	**107**		**953**	769	**1,763**	3,669
(18,843)	(13,084)	**(8,366)**	(6,611)	**(409)**	(333)	**(3,495)**	(3,427)	**(32,769)**	(25,057)
(3,417)		**(7,282)**						**(10,889)**	
		(2,431)	755					**(2,431)**	755
2,527	20	**34,777**	(45,064)	**(95)**	(625)	**275**	(1,111)	**37,294**	(46,626)
(285)	35	**701**	2,404	**(1)**		**6**	(82)	**421**	2,357
(3,033)	(258)	**(8,533)**	11,596	**(145)**	354	**(2,224)**	2,306	**(13,932)**	13,976
		(1,058)	(1,782)					**(1,058)**	(1,782)
	177								177
60,056	81,716	**73,274**	38,766	**2,975**	2,810	**8,062**	8,956	**145,255**	133,700
(186,956)	(129,875)	**(38,320)**	(42,458)	**(14,099)**	(10,351)	**(29,442)**	(21,219)	**(270,171)**	(205,420)
		4,508	(1,564)					**4,508**	(1,564)
704	671	**7,061**	3,373			**199**	282	**7,964**	4,326
(920)								**(920)**	
4	(4)					**161**	(91)	**165**	(95)
5,050	2,384			**137**	63	**939**	(2,448)	**6,126**	(1)
(182,118)	(126,824)	**(26,751)**	(40,649)	**(13,962)**	(10,288)	**(28,143)**	(23,476)	**(252,328)**	(202,754)
126,841	65,273				5,280		7,231	**126,841**	77,784
(28,210)	(20,252)	**(62,176)**	(20,181)	**(2,996)**	(2,641)	**(4,489)**	(3,978)	**(98,032)**	(47,197)
		(1,093)	(2,004)					**(1,093)**	(2,004)
					(188)		(98)		(286)
		(1,998)	(4,988)					**(1,998)**	(4,988)
(793)	(369)	**(29)**	81					**(822)**	(288)
4,188	2,783	**568**	199	**4,930**	4,266	**9,633**	6,620	**19,319**	13,868
463	544			**523**	13	**335**	10	**1,321**	567
770	1,131	**(3,265)**	(583)	**(37)**	45	**(134)**	124	**(2,671)**	712
103,259	49,110	**(67,993)**	(27,476)	**2,420**	6,775	**5,345**	9,909	**42,865**	38,168
(18,803)	4,002	**(21,470)**	(29,359)	**(8,567)**	(703)	**(14,736)**	(4,611)	**(64,208)**	(30,886)
(27,343)	(31,345)	**(39,110)**	(9,751)	**932**	1,635	**3,779**	8,390	**(54,597)**	(23,711)
$ (46,146)	$ (27,343)	**$(60,580)**	$(39,110)	**$ (7,635)**	$ 932	**$(10,957)**	$ 3,779	**$(118,805)**	$ (54,597)

Schedules, Analysis and Statistics

Leaders in Downtown Development

Downtown development has a high priority in Edmonton. Metro Edmonton is the fourth largest city in Canada and its downtown is the center for economic and cultural activity.

Downtown merchants and City Council have worked cooperatively to improve the downtown's appeal in recent years. A modest but steady series of improvements have been implemented to make the city center more attractive.

The city skyline with the Convention Center in the foreground.

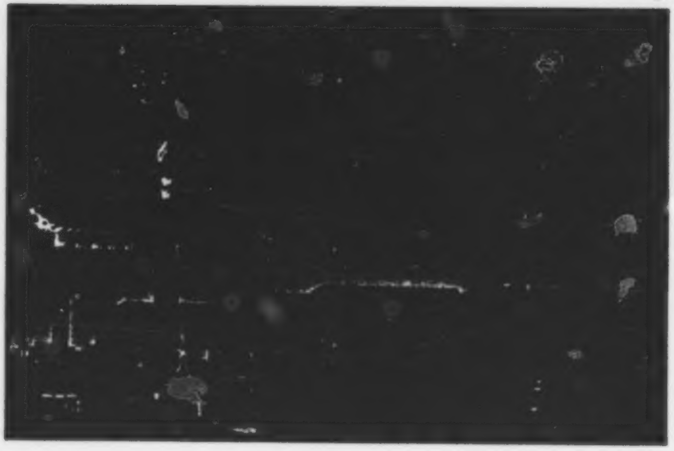
Edmonton's Centennial Library. The public library system has the highest per capita circulation of any in Canada.

Travelling showcase exhibits are featured frequently at the Convention Center.

Rice-Howard Way pedestrian area near Jasper Avenue.

The Edmonton Convention Center main exhibit hall, the length of a football field including end zones.

The above-ground pedway system has grown dramatically, connecting office and retail buildings in the downtown.



Chinatown Gate.. Edmonton is twinned with Harbin, a city in northern China; artisans from Harbin built our Chinatown Gate in 1987.

Way
ea

Below ground, the L.R.T. links the major city centers.

Jasper Avenue improvements. Changes to the city's main thoroughfare encourage pedestrian traffic.

Provincial Law Courts Building.

The Citadel Theater, Edmonton's showcase facility for live theater.

Statistical Review

For the Years 1983 to 1987
(in thousands of dollars,
except per capita)

	1987	1986	1985	1984	1983
Population	**576,249**	571,506	560,085	560,085	560,085
Area — in hectares	**70,067**	70,067	70,067	70,067	70,067
Building permits	**$ 449,628**	$ 534,478	$ 481,420	$ 333,930	$ 583,243
Assessment:					
Total taxable assessment	**$12,832,316**	$11,439,140	$11,275,516	$11,231,490	$11,088,987
Percentage of total assessment represented by:					
Residential properties	**64.0%**	65.5%	65.9%	65.4%	63.7%
Commercial properties	**36.0%**	34.5%	34.1%	34.6%	36.3%
Taxable assessment per capita	**$ 22,269**	$ 20,016	$ 20,132	$ 20,053	$ 19,799
Estimated market value of taxable assessment	**$20,415,000**	$19,500,000	$21,520,000	$23,900,000	$26,200,000
Rates of taxation (mills):					
Single-family residences	**23.68**	24.74	23.56	22.42	22.09
Multiple-family residences	**27.43**	29.92	28.49	27.11	26.64
Vacant residential land	**23.68**	34.17	32.54	30.95	
Commercial and industrial	**36.34**	41.18	40.37	39.35	38.80
Tax collections, arrears and levy:					
Percentage of current taxes collected	**94.9%**	95.9%	95.7%	94.4%	93.7%
Percentage of arrears and current taxes collected	**99.6%**	102.4%	103.1%	102.8%	103.4%
Tax arrears per capita	**$ 79.32**	$ 83.90	$ 75.35	$ 78.90	$ 84.46
Property tax levy per capita	**$ 681.60**	$ 669.40	$ 654.78	$ 634.11	$ 618.41
Revenue:					
General government revenue	**$ 751,074**	$ 731,284	$ 706,160	$ 675,944	$ 672,868
Percentage of revenue:					
Property and business taxes	**61.5%**	61.8%	61.2%	62.2%	61.2%
Utility contributions	**10.1%**	8.9%	8.1%	7.8%	7.3%
Grants	**11.1%**	11.7%	12.3%	11.7%	11.4%
Other	**17.3%**	17.6%	18.4%	18.3%	20.1%
Long-term debt:					
Debt per capita:					
Self supported	**$ 2,753**	$ 2,260	$ 2,924	$ 2,829	$ 2,535
Tax supported	**556**	607	594	569	543
	$ 3,309	$ 2,867	$ 3,518	$ 3,398	$ 3,078
Current tax supported debt charges as a % of general government revenue	**11.1%**	11.3%	10.0%	9.8%	7.3%
Per capita tax supported debt as a % of per capita disposable income	**3.6%**	4.6%	4.6%	4.6%	4.6%
Percentage of total debt to be retired:					
Within 5 years	**31.2%**	29.0%	27.2%	26.1%	23.2%
Within 10 years	**56.7%**	51.8%	48.3%	45.9%	41.6%

Analysis of Net Long-Term Debt as at December 31, 1987 and Long-Term Debt and Principal and Interest Payments

For the Year Ended
December 31, 1987
(in thousands of dollars)

	Long-Term Debt Outstanding		
	Long-Term Debt	Sinking Fund	Net Long-Term Debt
Protection to Persons — Property:			
Fire	$ 13,617	$	$ 13,617
Police	10,916		10,916
Traffic Lights	7,450		7,450
	31,983		31,983
Public Works:			
Workshops, Yards and Equipment	2,824		2,824
Bridges and Approaches	8,132		8,132
Curbs and Sidewalks	260		260
Subways and Tunnels	79		79
Pedestrian Tunnels	187		187
Land	622		622
Streets and Roadways	84,261		84,261
	96,365		96,365
Storm Sewer and Solid Waste System	50,840	1,534	49,306
Edmonton Transit System	67,033		67,033
Century Place Mortgage	6,755		6,755
Chancery Hall Mortgage	1,206		1,206
Convention Centre	9,391		9,391
Canada Place	5,200		5,200
Computer Leases	7,117		7,117
Recreation and Community Services:			
Space Sciences Building	4,850		4,850
Parks and Playgrounds	16,627		16,627
Swimming Pools	4,386		4,386
Skating Rinks	3,751		3,751
Community Services	73		73
Parkland Acquisition	210		210
Libraries	2,455		2,455
Ambulance Authority	348		348
Parking Garage	437		437
Health Offices	234		234
Mobile Home Park	1,575		1,575
Miscellaneous	8,256		8,256
	43,202		43,202
Total Tax Supported Debt	319,092	1,534	317,558
Municipal Enterprises:			
Edmonton Power and Power Generation	755,246	37,316	717,930
'edmonton telephones'	272,405	7,750	264,655
'edmonton telephones' Leases			
Edmonton Water	232,396	792	231,604
Sanitary Sewer System	107,655	732	106,923
Edmonton Municipal Airport	3,562		3,562
Local Improvements Property Share	171,164		171,164
Public Housing	19,360		19,360
Royal Alexandra Hospital	4,535		4,535
Mobile Equipment Services	11,227		11,227
Integrated Services Facilities	8,695		8,695
Convention Centre			
Land Inventory	29,349		29,349
Edmonton Research and Development Park	11,206		11,206
Edmonton Research and Development Park Loan	4,267		4,267
Total Municipal Enterprises Debt	1,631,067	46,590	1,584,477
Provision for Foreign Exchange	5,052		5,052
Total	$1,955,211	$48,124	$1,907,087
Sinking Fund Required Earnings			

Long-Term Borrowing Position		Principal and Interest Payments on Long-Term Debt (Accrued)			
Pending or Unexpended) Debenture Borrowings	Total Long-Term Debt Position	Principal	Interest	Provincial Government Interest Rebate	Total
$	$ 13,617	$ 737	$ 1,880	$ 341	$ 2,276
	10,916	130	1,523	388	1,265
	7,450	1,917	978	128	2,767
	31,983	2,784	4,381	857	6,308
	2,824	676	384	56	1,004
	8,132	1,145	757	52	1,850
	260	41	22		63
	79	8	6		14
	187	15	15		30
	622	391	54		445
(9,439)	74,822	15,825	10,796	1,616	25,005
(9,439)	86,926	18,101	12,034	1,724	28,411
(3,345)	45,961	6,213	5,437	511	11,139
(83)	66,950	6,671	9,291	1,972	13,990
	6,755	157	603		760
	1,206	76	69		145
	9,391	124	1,308	452	980
4,269	9,469		369		369
	7,117	2,238	22		2,260
	4,850	45	643	109	579
	16,627	2,956	2,124	331	4,749
	4,386	259	529	88	700
(909)	2,842	149	269		418
	73	10	6		16
	210	55	28	3	80
	2,455	555	284	37	802
	348	378	62	6	434
	437	128	30		158
	234	21	18		39
	1,575	22	202	55	169
1,374	9,630	1,599	1,178	226	2,551
465	43,667	6,177	5,373	855	10,695
(8,133)	309,425	42,541	38,887	6,371	75,057
46,145	764,075	26,365	77,026		103,391
60,372	325,027	61,818	36,082		97,900
		1,093	(52)		1,041
10,957	242,561	4,455	28,113	5,217	27,351
7,635	114,558	2,965	12,341	2,180	13,126
	3,562	161	423	102	482
12,044	183,208	6,995	20,869	4,282	23,582
	19,360	237	1,596	44	1,789
	4,535	90	572	110	552
	11,227	2,737	1,612	307	4,042
	8,695	101	1,206	359	948
		30,334	1,918	411	31,841
	29,349	14,406	5,386	1,599	18,193
877	12,083	19,948	2,527	528	21,947
	4,267				
138,030	1,722,507	171,705	189,619	15,139	346,185
	5,052				
$129,897	$2,036,984	$214,246	$228,506	$21,510	$421,242
		$ 2,335			
		$216,581			

Schedules, Analyses and Statistics

Schedule of Taxation

December 31, 1987 and 1986

	1987	1986
Property Taxes:		
Arrears — January 1	**$38,856**	$ 42,200
Add — Penalties	**7,668**	8,155
— Sundry adjustments	**(817)**	(2,415)
	45,707	47,940
Add current year's tax levy:		
Tax levy bylaw	**367,220**	354,974
Supplementary and partial tax levy and adjustments	**2,775**	623
Assessment appeals tax reductions	**(4,639)**	(1,254)
Capping program	**(1,112)**	
Municipal and school taxes	**364,244**	354,343
Special frontage and local improvement taxes	**28,094**	27,621
Other special charges	**432**	614
	392,770	382,578
Less collections:		
Current taxes	**369,911**	364,631
Arrears of taxes	**18,692**	24,641
Discount	**2,790**	2,390
	391,393	391,662
Property tax arrears — December 31	**47,084**	38,856
Business Taxes:		
Arrears — January 1	**24,498**	21,217
Add — Penalties	**2,896**	2,315
— Sundry adjustments	**(498)**	(388)
	26,896	23,144
Add current year's tax levy	**53,237**	53,020
Add Convention Centre		4,336
	53,237	57,356
Less collections:		
Current taxes	**46,588**	48,095
Arrears of taxes	**5,429**	5,340
Discount	**958**	1,647
Taxes written off	**518**	920
	53,493	56,002
Gross business tax arrears	**26,640**	24,498
Less — Allowance for uncollectible taxes	**22,218**	18,200
Business tax arrears — December 31	**4,422**	6,298
Total Tax Arrears (Property and Business)	**$ 51,506**	$ 45,154

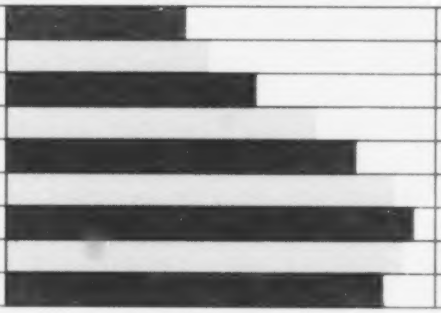
Schedule of Funded Debt Transactions

December 31, 1987 and 1986
(in thousands of dollars)

	Net Debt December 31, 1986	Issues	Redemptions	Net Debt December 31, 1987
Self-Liquidating Debt:				
Utilities	$1,296,958	$126,840	$ 99,123	**$1,324,675**
Local Improvements	178,158		6,995	**171,163**
Hospitals	4,625		90	**4,535**
Public Housing	19,597		237	**19,360**
Mobile Equipment Services	13,964		2,737	**11,227**
Integrated Services Facilities	8,796		101	**8,695**
Convention Centre	30,334		30,334	
Land Inventory	43,755		14,406	**29,349**
Research and Development Park	35,421		19,948	**15,473**
	1,631,608	126,840	173,971	**1,584,477**
Debt Subject to Taxation:				
General	295,298	9,282	36,328	**268,252**
Storm Sewers and Solid Wastes	47,788	7,800	6,282	**49,306**
	343,086	17,082	42,610	**317,558**
Sub-Total	$1,974,694	$143,922	$216,581	**$1,902,035**
Provision for Foreign Exchange	6,985			**5,052**
Total	$1,981,679			**$1,907,087**

Distribution of Net Long-Term Debt – Per Capita

Year	Population	Self-Liquidating Per Capita	Tax Supported Per Capita	Total Per Capita
1979	491,359	$1,540.96	$163.94	$1,704.90
1980	505,773	1,434.43	437.20	1,871.63
1981	521,205	1,925.39	321.03	2,246.42
1982	551,314	2,306.05	433.87	2,739.92
1983	560,085	2,535.38	542.98	3,078.36
1984	560,085	2,829.27	569.08	3,398.35
1985	560,085	2,923.57	594.00	3,517.57
1986	571,506	2,860.25	607.21	3,467.46
1987	576,249	2,753.29	556.21	3,309.50



As at December 31, 1987 projects pending debenture funds amounted to $137.840 million for self-liquidating and unexpended funds of $8.133 million for tax supported projects.

Statement of Interest Rates on Long-Term Debt

December 31, 1987
(in thousands of dollars)

Percentage Rate of Interest	Long-Term Debt	Annual Interest
0.000	$ 4,266	$ 0
4.000	25	1
4.500	216	10
5.250	506	27
5.375	2,185	117
5.750	7,409	426
5.875	51	3
6.000	5,126	308
6.375	210	13
6.670	553	37
6.750	4,086	276
6.830	113	8
6.875	2,108	145
7.000	190	13
7.500	17,166	1,287
7.534	314	24
7.625	5,242	400
7.750	34,452	2,670
7.875	3,381	266
8.000	15,918	1,273
8.031	608	49
8.125	6,000	488
8.250	5,255	434
8.500	63,025	5,357
8.750	6,279	549
9.000	13,038	1,173
9.250	149,598	13,838
9.375	55,032	5,159
9.500	60,769	5,773
9.750	99,253	9,677
9.875	28,711	2,835
10.000	68,120	6,812
10.125	108	11
10.375	15,324	1,590
10.500	78,026	8,193
10.875	76,982	8,372
11.125	27,596	3,070
11.250	50,000	5,625
11.500	27,218	3,130
11.750	37,724	4,433
12.000	28,610	3,433
12.250	100,000	12,250
12.375	20,926	2,590
12.500	1,798	225
12.625	30,740	3,881
12.750	11,678	1,489
12.875	67,058	8,634
13.000	64,628	8,402
13.125	9,345	1,227
13.250	40,778	5,403
13.375	996	133
13.500	14,140	1,909
13.625	10,508	1,432
13.750	165,359	22,737
14.000	411,412	57,598
Gross Debt	1,950,159	$ 225,215
Sinking Fund	48,124	
Sub-Total	$1,902,035	
Provision for Foreign Exchange	5,052	
Net Debt	$1,907,087	

Average Annual Interest Rate $\frac{225,212}{1,950,159}$ x 100 = 11.55%

Summary of Outstanding Long-Term Debt

December 31, 1987
(in thousands of dollars)

Debenture Debt Issued To:	
Alberta Municipal Financing Corporation	**$1,514,162**
General Public	**351,963**
Central Mortgage and Housing Corporation	**5,567**
Province of Alberta	**1,351**
Alberta Housing Corporation	**1,773**
Research Park Loan — Alberta Housing Corporation	**4,267**
J. Henry Schroder & Wagg Co.	**37,394**
Municipal Development and Loan Board	**1,611**
Government of Canada	**979**
City of Edmonton Sinking Fund	**241**
	1,919,308
Mortgages Issued To:	
Municipal Development and Loan Board	**1,822**
Central Mortgage and Housing Corporation	**13,952**
Montreal Trust Company	**7,960**
	23,734
Leases With:	
Sperry Incorporated	**7,117**
	7,117
Provision For Foreign Exchange	**5,052**
Total Long-Term Debt	**$1,955,211**

The Long-Term debt of The City of Edmonton is payable in the following currency and amounts:

Canadian Dollars	**$1,938,331**
U.S. Dollars	**16,880**
	$1,955,211

Annual Long-Term Debt Service Charges

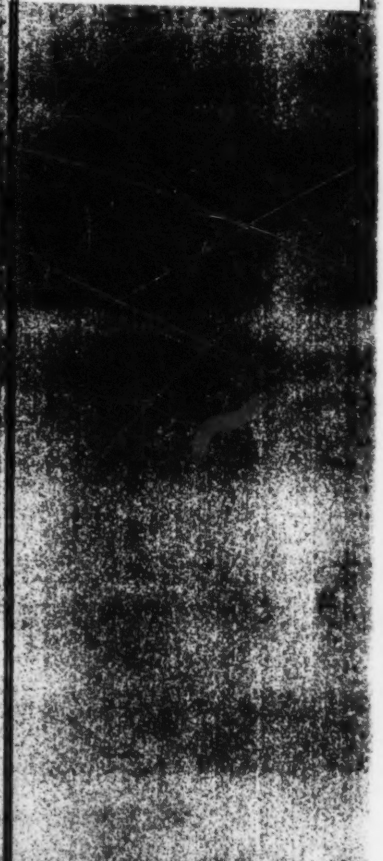
(in thousands of dollars)

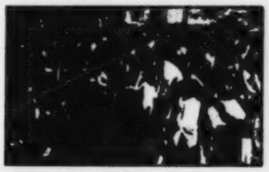
Year	Self-Liquidating				Debt Subject to Taxation				
	Principal	Interest	Rebate	Sub-Total	Principal	Interest	Rebate	Sub-Total	Total
1988	$68,753	$182,187	$11,250	$239,690	$48,589	$36,885	$4,754	$80,720	$320,410
1989	124,168	175,301	9,851	289,618	36,989	30,627	3,459	64,157	353,775
1990	83,309	162,917	9,367	236,859	37,636	26,428	3,212	60,852	297,711
1991	83,503	156,163	8,868	230,798	26,194	22,944	2,978	46,160	276,958
1992	84,169	148,995	8,547	224,617	17,242	20,349	2,810	34,781	259,398
1993	82,681	138,892	8,191	213,382	12,120	18,635	2,610	28,145	241,527
1994	82,582	128,998	7,806	203,774	11,471	17,133	2,450	26,154	229,928
1995	88,184	121,897	7,381	202,700	11,360	15,648	2,276	24,732	227,432
1996	93,802	114,312	6,910	201,204	11,258	14,294	2,080	23,472	224,676
1997	93,603	106,023	6,391	193,235	11,577	12,976	1,909	22,644	215,879
1998	91,616	89,856	5,816	175,656	9,282	11,576	1,719	19,139	194,795
1999	91,662	81,090	5,189	167,563	10,426	10,429	1,538	19,317	186,880
2000	86,703	72,441	4,508	154,636	11,300	9,140	1,336	19,104	173,740
2001	84,202	64,446	3,834	144,814	11,160	7,732	1,115	17,777	162,591
2002	74,480	56,798	3,151	128,127	9,809	6,342	919	15,232	143,359
2003	68,894	47,073	2,472	113,495	8,177	5,120	739	12,558	126,053
2004	58,638	37,699	1,792	94,545	9,194	4,104	573	12,725	107,270
2005	47,963	25,668	1,090	72,541	10,338	2,960	386	12,912	85,453
2006	37,866	15,056	540	52,382	7,881	1,674	175	9,380	61,762
2007	24,971	8,543	265	33,249	4,427	694	70	5,051	38,300
2008	9,915	3,352	92	13,175	1,128	141	16	1,253	14,428
2009	6,284	2,169	24	8,429					8,429
2010	4,111	1,446		5,557					5,557
2011	1,404	999		2,403					2,403
2012	578	871							
2013	624	825							
2014	630	777							

Related Authorities — Financial Statements

Leaders in Parks and Recreation

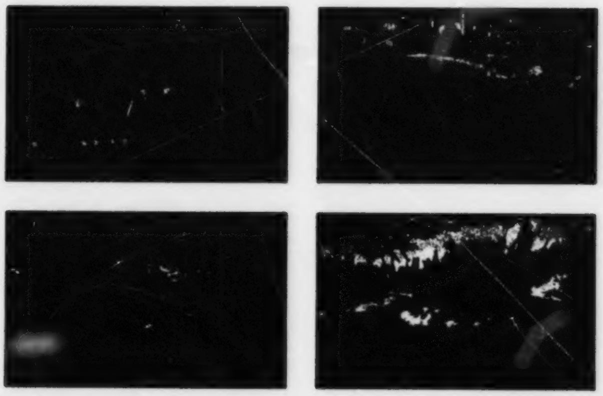
Named a Green Survival City in 1975, Edmonton has more parkland per capita than any other city in Canada. The largest, Capital City Recreation Park, winds through the North Saskatchewan River Valley for 16 kilometers and is composed of 13 connected parks.





Arbor Day, 1987.

Paul Kane Park, Central Edmonton.



The Capital City Recreation Park in winter. With 16 kilometers of park space to play in, the recreation possibilities are unlimited.

Victoria Golf Course, one of two City-owned courses in the river valley.

Mill Woods Recreation Center wave pool, one of 18 city-owned swimming and sport centers.

One of several golf courses in the river valley.

In summer, balloon launches are a nearly-every-day event at Gallagher Park in the river valley.

Non-Profit Housing Corporation

Auditors' Report

To the Shareholder

We have examined the balance sheet of The City of Edmonton Non-Profit Housing Corporation as at December 31, 1987 and the statements of revenue and expenditures, surplus and reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

Management has advised us that the maintenance of the subsidy reserves required under the Corporation's agreements with Alberta Mortgage and Housing Corporation and Canada Mortgage and Housing Corporation is no longer required. The formula for calculating the replacement reserve has also been amended such that replacement reserves are now funded only for projects in a surplus position (see note 7). However, the amended agreements incorporating these changes have not been executed. Accordingly, we were not able to determine whether any adjustments might be necessary to the replacement and subsidy reserves.

In our opinion, except for the effect of adjustments to the replacement and subsidy reserves, if any, which we might have determined to be necessary had we been able to verify the changes by reference to the amended agreements referred to above, these financial statements present fairly the financial position of the Corporation as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1988

Peat Marwick
Chartered Accountants

Non-Profit Housing Corporation

Balance Sheet

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Current assets:		
Cash and short-term deposits	**$ 130**	$ 177
Accounts receivable	**74**	77
Prepaid property taxes	**167**	48
The City of Edmonton — current account	**4,902**	4,974
Total current assets	**5,273**	5,276
Fixed assets:		
Housing projects (notes 3 and 4)	**47,277**	47,284
Less accumulated depreciation	**410**	254
	46,867	47,030
	$52,140	$52,306
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	**$ 12**	$ 15
Deferred revenue	**142**	142
Tenant deposits	**257**	291
Rents received in advance	**7**	3
Current portion of mortgages payable (note 6)	**3,250**	2,677
Total current liabilities	**3,668**	3,128
The City of Edmonton loan (note 5)	**2,500**	2,500
Mortgages payable (note 6)	**45,406**	46,168
Shareholder's equity:		
Capital stock:		
Authorized 20,000 shares without par value; issued 1 share	**1**	1
Operating surplus	**398**	462
Replacement reserve	**167**	47
Total shareholder's equity	**566**	510
	$52,140	$52,306

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Revenue and Expenditures

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Rental revenue	**$3,950**	$3,959
Operating assistance	**4,936**	5,373
	8,886	9,332
Rental expenditures:		
Interest	**6,681**	7,085
Property taxes	**635**	691
Utilities	**420**	397
Wages and salaries	**188**	175
Repairs and maintenance	**373**	509
Management fees	**117**	118
Insurance	**47**	47
Advertising	**20**	9
Inspection fees	**3**	2
Depreciation	**156**	108
Other	**18**	32
Equipment		1
	8,658	9,174
Net rental income	**228**	158
Administration expenses:		
Salaries	**98**	97
Contract work	**28**	26
Occupancy	**11**	15
Other	**7**	7
	144	145
Excess of revenue over expenditures	**$ 84**	$ 13

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Surplus and Reserves

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Operating surplus (deficit), beginning of year		
As previously reported	**$ 462**	$ (390)
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)		886
As restated	**462**	496
Excess of revenue over expenditures	**84**	13
Transfer to replacement reserve	**(148)**	(47)
Operating surplus, end of year	**$ 398**	$ 462
Subsidy reserve, beginning of year		
As previously reported	**$**	$ 36
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)		36
As restated		
Subsidy reserve, end of year	**$**	$
Replacement reserve, beginning of year		
As previously reported	**$ 47**	$ 850
Adjustment for cumulative effect on prior years of the change in calculating replacement and subsidy reserves (note 7)		850
As restated	**47**	
Capital expenditures	**(28)**	
Transfer from operating surplus	**148**	47
Replacement reserve, end of year	**$ 167**	$ 47

See accompanying notes to financial statements.

Non-Profit Housing Corporation

Statement of Changes in Financial Position

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Operating activities:		
Excess of revenue over expenditures	**$ 84**	$ 13
Add (deduct):		
Items not affecting cash:		
Depreciation	**156**	108
Write-off of pre-development costs	**7**	
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**3**	(30)
Prepaid property taxes	**(119)**	(5)
Accounts payable	**(3)**	(4)
Deferred revenue		(38)
Tenant deposits	**(34)**	9
Rents received in advance	**4**	(1)
Cash provided by operating activities	**98**	52
Investing activities:		
Additions to housing projects		(60)
Capital expenditures	**(28)**	
Cash applied to investing activities	**(28)**	(60)
Financing activities:		
Repayment of long-term debt	**(189)**	(133)
Cash applied to financing activities	**(189)**	(133)
Decrease in cash	**(119)**	(141)
Cash, beginning of year	**5,151**	5,292
Cash, end of year	**$5,032**	$5,151
Cash, end of year:		
Cash and short-term deposits	**$ 130**	$ 177
The City of Edmonton - current account	**4,902**	4,974
	$5,032	$5,151

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1987

1. Authority and activity:

The Corporation was established for the purpose of providing non-profit housing for the citizens of The City of Edmonton. City Council authorized the establishment of the Corporation by approving Bylaw No. 5107 on September 8, 1977. The City of Edmonton is the sole shareholder of the Corporation.

2. Summary of significant accounting policies:

(a) Fixed assets:
Housing projects are valued at cost. Interest, property taxes and administration expenses incurred during construction are capitalized to the cost of the projects. Revenue generated from the project up to the interest adjustment date is netted against the cost of the project. The housing projects are depreciated at an amount equal to the principal repayment on related mortgages.

Purchases of office equipment are charged to operations in the year of purchase and gross proceeds on any disposals are recorded as revenue.

(b) Operating assistance:
Operating assistance is a subsidy provided by Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation to the operating projects to reduce project costs and rentals.

(c) Replacement reserves:
Replacement reserves are required pursuant to the Corporation's agreements with Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation. The replacement reserves are increased based on specific calculations for the related project and will be used for capital replacements for the project.

3. Housing projects:

	1987	1986
Completed projects:		
Land costs	**$ 8,516,251**	8,516,251
Construction costs	**38,717,571**	38,717,571
	47,233,822	47,233,822
Pre-development costs	**43,616**	50,216
Total housing projects	**$47,277,438**	47,284,038
Number of units:	**875**	875

4. Capitalized construction costs:

The Corporation has capitalized the following costs incurred during design and construction of projects:

	1987	1986
Interest	**$ 88**	4,435

5. The City of Edmonton loan:

The Corporation has received a loan of $2,500,000 from The City of Edmonton from funds generated by the Municipal Incentive Grant Program. Interest is charged at the City's short-term investment rate.

Notes to Financial Statements — continued

December 31, 1987

6. Mortgages payable:

The mortgages payable, secured by the housing projects, are payable to the Alberta Mortgage and Housing Corporation. Details of the mortgages payable are as follows:

Project	Monthly payment including interest	Interest rate (%)	Mortgage renewal date	Balance outstanding December 31, 1987, including accrued interest
Riverdale	$20,989	19¼	July 1, 1992	$ 1,332,612
Castle Close	30,309	11¼	Sept. 1, 1992	2,101,047
Kameyosek	53,081	11½	Nov. 1, 1992	3,680,774
North Callingwood	43,504	11½	Nov. 1, 1992	3,016,372
Elm Park Place	14,800	11½	Jan. 1, 1991	1,450,664
Vermillion Place	8,613	10¾	May 1, 1991	940,391
Barclay Square	37,170	11	July 1, 1991	3,985,645
Primrose Place	26,640	11	Aug. 1, 1991	2,857,918
Castle Brae	23,985	11	Sept. 1, 1991	2,575,207
Mission Glen	20,464	11	Sept. 1, 1991	2,197,129
Willowdale	28,967	13½	May 1, 1989	2,633,164
Boyle St. II	56,505	19¾	Jan. 1, 1988	3,601,069
Boyle St. III	62,934	21¼	Jan. 1, 1988	3,746,363
King Edward I	28,589	14¼	July 1, 1988	2,471,527
King Edward II	13,199	14¼	July 1, 1988	1,136,953
McCauley	52,718	15½	Aug. 1, 1988	4,225,117
Point West	49,766	13¾	Oct. 1, 1988	4,444,712
Lago Lindo	24,919	13½	Nov. 1, 1988	2,259,830
				48,656,494
Less current portion including accrued interest				3,250,265
				$45,406,229

The approximate repayment of principal over the next five years will be as follows:

1988	$ 870,000
1989	980,000
1990	1,100,000
1991	1,230,000
1992	1,370,000

7. Change in basis of accounting:

Prior to 1986, the Corporation provided replacement reserves for all projects based on specific calculations designed to provide for capital replacements for the projects. During 1986, the Corporation changed the basis of the calculation of the reserves such that replacement reserves are funded only for projects in a surplus position after allocation of administration expenses. Subsidy reserves are no longer funded.

The calculations as revised recognize that it is appropriate to allocate a portion of surplus revenues to reserves. However, projects with an operating deficit do not generate surplus funds which are available for allocation to reserves and therefore it is inappropriate to establish replacement reserves for these projects.

The change, applied retroactively, reduced the operating deficit by $885,029 in 1986.

Auditors' Report

To the Authority Board Members

We have examined the balance sheet of The Edmonton Research and Development Park Authority as at December 31, 1987 and the statements of operations and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 2, 1988

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Accounts receivable	**$ 662**	$ 133
Due from The City of Edmonton		21,582
Land held for development and sale (appraised value $8,365) (note 3)	**11,880**	11,815
Rental property (note 4)	**2,374**	2,603
Construction in progress (note 8)	**3,805**	268
	$18,721	$36,401
Liabilities and Deficit		
Accrued liabilities	**$ 849**	$ 912
Due to The City of Edmonton (note 5)	**877**	
Loan payable (note 6)	**4,267**	4,267
Debentures payable (note 7)	**11,206**	31,155
Total liabilities	**17,199**	36,334
Provincial Government grant (note 8)	**1,522**	107
Deficit		40
	$18,721	$36,401

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Operations and Deficit

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Revenue:		
Proceeds from sale of land	$	$ 501
Less cost of land		686
Loss on sale		(185)
Research I rental	**278**	267
Interest	**1,037**	2,360
	1,315	2,442
Expenses:		
Marketing and administration:		
Salaries and benefits	**167**	160
Bad debts		52
Office rent and parking	**25**	29
Legal, auditing and financial services	**21**	26
Marketing and promotion	**10**	22
Furnishings and equipment	**27**	19
Board	**6**	8
Travel and training	**15**	7
Supplies, postage and courier	**8**	7
Advertising and brochures	**16**	5
Consultants and service contracts	**12**	3
Miscellaneous	**2**	2
	309	340
Operations:		
Grounds maintenance	**40**	30
Building maintenance	**33**	26
Building utilities	**1**	11
Snow removal	**5**	3
	79	70
Interest	**1,999**	3,442
Depreciation	**229**	229
	2,616	4,081
Operating deficiency	**1,301**	1,639
Deficit, beginning of year	**40**	218
Funding from The City of Edmonton	**(1,341)**	(1,817)
Deficit, end of year	**$**	$ 40

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Changes in Financial Position

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Operating activities:		
Operating deficiency	**$ (1,301)**	$ (1,639)
Charges to operations not involving cash:		
Depreciation	**229**	229
Loss on sale of land		185
Proceeds from sale of land		501
Decrease (increase) in accounts receivable	**(1)**	31
Decrease in deposits		(10)
Decrease in accrued liabilities	**(548)**	(3)
Funding applied to operating activities	**(1,621)**	(706)
Investing activities:		
Additions to land held for development and sale	**(65)**	(3)
Additions to rental property		(102)
Additions to construction in progress	**(3,537)**	(179)
Increase in accrued liabilities relating to investing activities	**485**	9
Funding applied to investing activities	**(3,117)**	(275)
Financing activities:		
Funding of prior years' deficit by The City of Edmonton	**40**	218
Funding of current operations by The City of Edmonton	**1,301**	1,599
Repayment of loan payable		(239)
Repayment of debenture payable	**(19,949)**	(191)
Provincial government assistance	**1,415**	107
Increase in receivable from provincial government	**(528)**	(107)
Funding provided by (applied to) financing activities	**(17,721)**	1,387
Increase (decrease) in Due from (to) The City of Edmonton	**(22,459)**	406
Due from The City of Edmonton, beginning of year	**21,582**	21,176
Due from (to) The City of Edmonton, end of year	**$ (877)**	$21,582

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Notes to Financial Statements

December 31, 1987

1. Authority and activity:

On April 25, 1979, The City of Edmonton authorized the development of The Edmonton Research and Development Park including provisions for servicing the lands. On May 22, 1980, the Provincial Government proclaimed Bill PR2, The Edmonton Research and Development Park Authority Act, which created The Edmonton Research and Development Park Authority ("the Authority") as a Body Corporate. The Authority was established for the purpose of acquiring, planning, developing and servicing lands designated for use by The Edmonton Research and Development Park.

On October 29, 1980, City Council authorized the Commission Board to execute the Operating Agreement between The City of Edmonton and the Authority. The Authority is operating as a separate entity within The City of Edmonton.

2. Summary of significant accounting policies:

(a) Balance sheet:
The Authority, as a real estate developer, has not classified its balance sheet as to current and non-current assets and liabilities. This is consistent with the recommendation of the Canadian Institute of Public Real Estate Companies.

(b) Land held for development and sale:
Land held for development and sale is carried at cost, including net interest expense through 1984 which exceeded the November 17, 1986 appraised value by $3,515,034 at December 31, 1987.

(c) Rental property:
Rental property is recorded at cost.
Depreciation on buildings and tenant improvements is provided on the straight-line basis at the following rates:

Buildings	25 years
Tenant improvements	5 years

(d) Provincial government grant:
Provincial government assistance received for the construction of the Advanced Technology Center has been deferred and will be amortized to income on a straight-line basis over the life of the building.

(e) Furnishings and equipment:
Furnishings and equipment acquired from operating revenues are expensed in the year of acquisition.

In all other respects, these financial statements are in accordance with generally accepted accounting principles.

3. Land held for development and sale:

The City of Edmonton holds title to the lands in trust for the Authority. However, under the Operating Agreement the Authority has the right to request The City to convey title to the Authority or to a purchaser designated by the Authority.

	1987	1986
Land	**$ 7,112,306**	7,112,306
Land services & improvements	**4,767,728**	4,702,897
	$11,880,034	11,815,203

The appraised value of the land held for development and sale was $8,365,000 on November 17, 1986.

Notes to Financial Statements — continued

December 31, 1987

4. Rental property:

	1987	1986
Building	**$1,487,997**	1,487,997
Tenant improvements	**1,193,070**	1,193,070
	2,681,067	2,681,067
Accumulated depreciation	**735,488**	506,714
	1,945,579	2,174,353
Land	**428,113**	428,113
	$2,373,692	2,602,466

5. Due to The City of Edmonton:

This account includes charges relating to the current fiscal year processed on behalf of the Authority by The City of Edmonton subsequent to year end. These amounts are included in accounts payable and accruals in the combined financial statements of The City of Edmonton.

6. Loan payable:

On December 11, 1980, Alberta Housing Corporation agreed to lend The City of Edmonton funds to a maximum of $5,000,000 to be used for local improvements required in connection with the development of a Research Park.

The loan is due and payable on December 11, 1990, and will bear interest at a per diem market interest rate. Until such time, The City of Edmonton will repay the loan from proceeds on the sale, lease, or other disposition of the lands with no interest charged on the amount advanced. There was no repayment made in 1987.

Under the terms of the Agreement, title to the Authority's lands has been encumbered to protect the interests of Alberta Housing Corporation.

7. Debentures payable to Alberta Municipal Financing Corporation:

In 1981, debentures for $5,500,000 at 18.125% and $6,000,000 at 19.0% issued by The City of Edmonton were allocated to the Authority. The debentures are repayable in equal annual instalments of principal and interest of $2,167,535 through 2006.

In 1984, additional debentures for $122,363 at 13.75% and $20,000,000 at 13.75% issued by The City of Edmonton were allocated to the Authority. The outstanding amounts of these debentures were repaid in 1987 as the funding was no longer required.

The debentures are eligible for the Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments below reflect the effect of the rebate.

The payments required over the next five years are as follows:

Year	Principal	Interest	Total
1988	$141,909	1,232,708	1,374,617
1989	188,637	1,217,099	1,405,736
1990	212,216	1,196,348	1,408,564
1991	238,743	1,173,006	1,411,749
1992	268,586	1,146,744	1,415,330

8. Provincial government grant:

The Authority has incurred costs of $3,804,454 for the design and construction of the proposed Advanced Technology Center. The Province of Alberta has agreed to provide a cash grant which is calculated as two-fifths of the costs incurred by the Authority and is not to exceed $2 million. The total capital cost of the Center is estimated to be $5 million.

The Edmonton Ambulance Authority

Auditors' Report

To the Members of the
Board of Directors of The Edmonton
Ambulance Authority

We have examined the balance sheet of The Edmonton Ambulance Authority as at December 31, 1987 and the statements of revenue and expenditures and general surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for municipal organizations as explained in Note 1 applied on a basis consistent with that of the preceding year.

The comparative figures for 1986 were reported on by another firm of chartered accountants.

Edmonton, Canada
February 12, 1988

Peat Marwick Reid & Cameron
Chartered Accountants

Statement 1

Balance Sheet

As at December 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Current assets:		
Accounts receivable, net of allowance for doubtful accounts	**$ 755**	$ 666
Inventory (Note 2)	**68**	72
Prepaid expenses	**45**	23
	868	761
Fixed assets (Note 3)	**236**	602
Total assets	**$1,104**	$1,363
Liabilities and Surplus		
Current liabilities:		
Bank indebtedness	**$ 18**	$ 24
Accounts payable	**606**	553
Current portion of long-term debt (Note 5)	**165**	378
Due to The City of Edmonton (Note 4)	**128**	49
	917	1,004
Long-term debt (Note 5)	**184**	348
	1,101	1,352
Contributed surplus (Note 6)	**3**	11
Contingent liability (Note 8)		
Total liabilities and surplus	**$1,104**	$1,363

See accompanying notes to financial statements.

The Edmonton Ambulance Authority

Statement 2

Statement of Revenue and Expenditures and General Surplus

Year Ended
December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1987 Budget (Unaudited)	1986
Revenue:			
Ambulance services	**$4,845**	$4,684	$4,920
Miscellaneous	**20**		13
	4,865	4,684	4,933
Expenditures:			
Labour, salaries and employee benefits	**5,241**	5,347	4,490
Vehicle, plant and equipment	**639**	650	605
Ambulance services	**243**	243	240
Communications	**184**	192	188
Administrative services	**107**	125	106
Debenture servicing costs	**56**	49	95
Disaster relief	**16**		
	6,486	6,606	5,724
Excess of expenditures over revenue before other items	**1,621**	1,922	791
Other items:			
Depreciation and amortization (Note 3)	**670**	377	306
Amortization of contributed surplus	**(8)**	(8)	(8)
Loss on disposal of fixed assets	**6**		3
	668	369	301
Deficit before The City of Edmonton subsidy	**(2,289)**	(2,291)	(1,092)
The City of Edmonton subsidy (Note 9)	**2,289**	2,291	1,092
General surplus	**$**	$	$

See accompanying notes to financial statements.

The Edmonton Ambulance Authority

Statement of Changes in Financial Position

Year Ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

Statement 3

	1987	1986
Operating activities:		
General surplus	$	$
Add (deduct) items which do not require an outlay of cash:		
Depreciation and amortization	670	306
Amortization of contributed surplus	(8)	(8)
Loss on disposal of fixed assets	6	3
	668	301
Cash derived from (reinvested in) non-cash net operating assets:		
Accounts receivable	(89)	25
Inventory	4	(32)
Prepaid expenses	(22)	
Accounts payable	53	97
	614	391
Financing activities:		
Repayment of long-term debt	(377)	(442)
	(377)	(442)
Investing activities:		
Purchase of fixed assets	(330)	(121)
Proceeds on disposal of fixed assets	20	2
	(310)	(119)
Increase bank indebtedness and due to the City of Edmonton	73	170
Bank indebtedness and due to the City of Edmonton, beginning of year	73	(97)
Bank indebtedness and due to the City of Edmonton, end of year	$ 146	$ 73
Bank indebtedness and due to the City of Edmonton is comprised of the following:		
Bank indebtedness	$ 18	$ 24
Due to the City of Edmonton	128	49
	$ 146	$ 73

See accompanying notes to financial statements.

The Edmonton Ambulance Authority

Notes to Financial Statements

Year Ended
December 31, 1987

1. Significant Accounting Policies

a) Inventory

Inventory is valued at the lower of cost and net realizable value.

b) Fixed assets

Additions and depreciation

In accordance with accounting policies followed by municipal organizations, fixed assets acquired through debenture borrowing are carried at their original cost less accumulated depreciation. The annual depreciation charge equals the annual principal payment of the debenture debt.

Automotive and ambulance equipment acquired subsequent to December 31, 1986 are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives ranging from three to seventeen years.

Office furnishings, computers, training and communication equipment, and other capital items budgeted for in the operating budget are expensed in the year of acquisition.

Accelerated Depreciation

In accordance with an agreement with the City of Edmonton Finance Department, the Authority records an accelerated depreciation provision to the extent of the unexpended favorable budget variance available at the end of the year.

Disposals

Disposals of automotive and ambulance equipment are accounted for by recording the gain or loss on disposal as an income statement item with both the original cost of the asset and its related accumulated depreciation being removed from the financial statements.

c) Contributed Surplus

Assets acquired through grants or contributions are recorded at their full cost with a corresponding increase to contributed surplus. These assets are depreciated on the same basis as similar automotive and ambulance equipment. The offsetting contributed surplus is amortized to income using the same basis as the donated assets are depreciated.

Contributed surplus has been accounted for as follows:

The Northern and Central Alberta Perinatal Program contributed one Neonatal Ambulance costing $60,000, which was amortized over three years. The vehicle was completely amortized in 1984.

The Downtown Lions Club of Edmonton contributed $31,775 to fund a 1982 equipment purchase which was amortized over five years to 1987. The Lions Club of Jasper Place contributed $7,385 to fund a 1984 equipment purchase which is being amortized over five years.

Notes to Financial Statements — continued

Year Ended
December 31, 1987

2. Inventory

	1987	1986
Medical supplies	**$37,350**	38,504
Vehicle parts and supplies	**30,886**	33,695
	$68,236	72,199

3. Fixed Assets

	1987			1986
	Cost	**Accumulated Depreciation & Amortization**	**Net Book Value**	Net Book Value
Automotive and ambulance equipment	**$1,484,458**	**1,248,415**	**236,043**	601,703

The Authority recorded depreciation and amortization in the year of $669,615. Included in this amount is an accelerated depreciation provision in the amount of $432,253 in accordance with the accounting policy as described in Note 1(b).

4. Due to The City of Edmonton

	1987	1986
Due (from) to The City of Edmonton, beginning of year	**$ 48,623**	(148,283)
Net transfers from The City of Edmonton	**2,368,715**	1,288,813
The City of Edmonton subsidy (Note 9)	**(2,288,940)**	(1,091,907)
Due to The City of Edmonton, end of year	**$ 128,398**	48,623

5. Long-Term Debt

	1987	1986
16% debenture, payable $267,844 per year, principal and interest, due May, 1987	$	230,900
12¾% debenture, payable $99,117 per year, principal and interest, due December, 1989	**166,691**	236,536
11½% debenture, payable $106,853 per year, principal and interest, due March, 1989	**181,780**	258,864
	348,471	726,300
Less principal amount due within one year	**164,437**	377,829
Long-term portion	**$ 184,034**	348,471

Principal repayments required within each of the next two years are as follows:

1988	$164,437
1989	184,034
	$348,471

6. Contributed Surplus

	1987			1986
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Equipment	**$ 39,160**	**36,206**	**2,954**	10,786
Neonatal unit	**60,000**	**60,000**		
	$ 99,160	**96,206**	**2,954**	10,786

7. Long-Term Leases

Total rental paid in respect of leased premises for the year ending December 31, 1987 amounted to $230,753. Minimum rentals for each of the next five years are as follows:

1988	$200,209
1989	199,009
1990	152,809
1991	152,809
1992	152,809

8. Contingent Liability

The Authority is currently involved in a labour arbitration involving certain disputes over payment of overtime. The Authority was unsuccessful in the original hearing for the arbitration. Management and counsel are currently reviewing whether there are grounds for appeal. Management has indicated that the amount of the potential liability is not determinable and consequently, no provision has been made in the accounts for any settlement as a result of the arbitration. Any settlement in future years will be accounted for as a charge to income in the year of settlement.

9. The City of Edmonton Subsidy

The City of Edmonton 1987 budgeted contribution was $2,291,000. The actual contribution is $2,288,940, which is the amount equal to the excess of expenditures over revenue for the 1987 year.

10. Budget

Budget information, while not forming a part of the audited financial statements, is included for information purposes.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

The Edmonton Convention Centre Authority

Auditors' Report

To the Members of
The Edmonton Convention Centre Authority

We have examined the balance sheet of The Edmonton Convention Centre Authority as at December 31, 1987 and the statements of operations and The City of Edmonton funding, The City of Edmonton advance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 1, 1988

Clarkson Gordon
Chartered Accountants

Balance Sheet

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
ASSETS		
Current assets:		
Cash	$	$ 105
Accounts receivable (Note 3)	**397**	729
Inventories (Note 4)	**119**	109
Prepaid expenses and deposits (Note 5)	**88**	47
Total current assets	**604**	990
Leasehold improvements, at cost	**343**	326
Accumulated amortization	**178**	111
	165	215
	$ 769	$1,205
LIABILITIES		
Current liabilities:		
Outstanding cheques less cash balance	**$ 11**	$
Accounts payable and accrued liabilities	**236**	294
Salaries and benefits payable	**156**	242
Deposits (Note 6)	**47**	29
The City of Edmonton advance (Note 7)	**319**	640
Total current liabilities	**$ 769**	$1,205

(See accompanying notes)

The Edmonton Convention Centre Authority

Statement of Operations and The City of Edmonton Funding

For The Year Ended
December 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987					1986
	Restaurants & Lounges	**Banquets**	**Events & Services**	**Special Events**	**Total**	Total
Revenue	**$ 81**	**$2,019**	**$ 865**	**$ 632**	**$3,597**	$4,646
Cost of sales	**27**	**655**		**174**	**856**	1,126
Gross margin	**54**	**1,364**	**865**	**458**	**2,741**	3,520
Direct operating expenses:						
Salaries, wages and benefits	**37**	**918**	**318**	**115**	**1,388**	1,806
Laundry and linen		**74**	**1**		**75**	93
Supplies	**3**	**73**	**25**	**10**	**111**	287
General and administration	**4**	**7**	**1**		**12**	20
Advertising and promotion	**1**			**61**	**62**	14
Janitorial			**84**		**84**	109
Entertainment				**149**	**149**	104
Repairs and maintenance			**1**		**1**	6
Storage			**12**		**12**	15
Restaurant renovations						41
Miscellaneous	**1**		**2**	**8**	**11**	4
Security				**10**	**10**	
Direct operating expenses	**46**	**1,072**	**444**	**353**	**1,915**	2,499
	$ 8	**$ 292**	**$ 421**	**$ 105**	**$ 826**	$1,021
Other (income) expense:						
General administration expense					**899**	995
Maintenance expense					**1,039**	1,219
Marketing and sales expense					**553**	450
Miscellaneous revenue					**(204)**	(146)
					2,287	2,518
Excess of expenses over revenue					**$1,461**	$1,497
Funding from The City of Edmonton (Note 7)					**$1,461**	$1,497

(See accompanying notes)

The Edmonton Convention Centre Authority

The City of Edmonton Advance

For The Year Ended
December 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
The City of Edmonton advance, beginning of year	**$ 640**	$ 644
Add: Advances received	**1,574**	1,460
Current portion of note payable (Note 7)		33
	2,214	2,137
Deduct: Funding from the City of Edmonton for operations	**1,461**	1,497
Funding from the City of Edmonton for capital projects	**434**	
	1,895	1,497
The City of Edmonton advance, end of year	**$ 319**	$ 640

(See accompanying notes)

Statement of Changes in Financial Position

For The Year Ended
December 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
Cash provided by (used in) operating activities		
Excess of expenses over revenues	**$(1,461)**	$(1,497)
Add charges to operations not requiring a current cash payment		
Amortization	**66**	54
Fixed assets written off		27
Net change in non-cash working capital balances relating to operations (Note 9)	**155**	300
Cash used in operating activities	**(1,240)**	(1,116)
Cash (used in) investment activities		
Capital projects	**(434)**	
Leasehold additions	**(16)**	(143)
	(450)	(143)
Cash provided by financing activities		
Advances from The City of Edmonton	**1,574**	1,460
Net increase (decrease) in cash during the year	**(116)**	201
Cash (deficiency), beginning of year	**105**	(96)
Cash (deficiency), end of year	**$ (11)**	$ 105

(See accompanying notes)

Notes to Financial Statements

December 31, 1987

1. Authority and activity

On October 24, 1978, The City of Edmonton authorized the creation of the Edmonton Convention Centre Authority ("the Authority"). The Government of the Province of Alberta proclaimed Bills PR3 and amended by PR14, which created the Authority as a Body Corporate. The Authority was established to develop, maintain, manage and operate a trade and convention centre for The City of Edmonton.

The facility was constructed by The City of Edmonton. The land, building and original equipment are owned by The City of Edmonton.

The City of Edmonton and the Authority entered into a five year Interim Operating Agreement effective June 30, 1982. The agreement was renewed for five years effective July 1, 1987. Operations commenced on May 15, 1983.

2. Significant accounting policies

a) Inventories

Inventories of food, beverage and operating supplies are stated at the lower of cost and replacement cost.

b) Fixed assets

Leasehold improvements relate to the pedway area which is occupied by the Authority's offices and retail tenants. Amortization is provided on the straight-line method over five years commencing from the date of occupancy for Authority offices and over the lease term for retail tenants and office space rentals.

Purchases of replacement china, glass and flatware, furniture, equipment and building renovations are included as expenditures in the current year.

3. Accounts receivable

	1987	1986
Trade accounts receivable	**$326,624**	$565,136
Allowance for doubtful accounts	**7,848**	4,201
	318,776	560,935
Other	**77,668**	168,493
	$396,444	$729,428

4. Inventories

	1987	1986
Food	**$ 66,004**	$ 66,019
Beverage	**53,332**	43,463
	$119,336	$109,482

5. Prepaid expenses and deposits

	1987	1986
Prepaid expenses	**$ 75,967**	$ 24,772
Deposits	**12,000**	21,847
	$87,967	$ 46,619

6. Deposits

	1987	1986
Customer deposits	**$43,599**	$ 25,895
Tenant deposits	**3,775**	3,775
	$47,374	$ 29,670

7. Transactions with The City of Edmonton

The City of Edmonton funds an amount equal to the excess of expenses over revenue for the year.

Notes to Financial Statements — continued

December 31, 1987

8. Commitments

The Authority's commitments are for maintenance contracts and operating leases of storage space and computer equipment. The Authority's commitments under the remaining term of these agreements of $299,947 are payable as follows:

1988	$172,354
1989	63,718
1990	35,501
1991	22,009
1992	6,365
	$299,947

9. Net change in non-cash working capital accounts

The net change in non-cash working capital accounts reflected in the statement of changes in financial position represents the following:

	1987	1986
Decrease (increase) in current assets:		
Accounts receivable	**$332,984**	$ 118,149
Inventories	**(9,854)**	19,868
Prepaid expenses	**(41,348)**	(7,314)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	**(58,677)**	194,166
Salaries and benefits payable	**(86,077)**	(12,671)
Deposits	**17,704**	(12,446)
	$154,732	$ 299,752

10. Reclassification of comparative figures

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1987 financial statements.

Edmonton Economic Development Authority

Auditors' Report

To the Chairman and the Members of the
Edmonton Economic Development Authority:

We have examined the balance sheet of the Edmonton Economic Development Authority as at December 31, 1987 and the statement of funds provided and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1987 and the funds provided and expenditures of the Authority for the year then ended in accordance with generally accepted accounting principles for municipal organizations applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 9, 1988

Peat Marwick Reid & Cameron
Chartered Accountants

Statement 1

Balance Sheet

December 31, 1987
(with comparative figures
as at December 31, 1986)
(in thousands of dollars)

	1987	1986
ASSETS		
Amount due from the City of Edmonton	**$159**	$ 87
LIABILITIES		
Cheques issued in excess of bank balance	**$141**	$ 55
Accounts payable	**18**	32
	$159	$ 87

(See accompanying notes)

Edmonton Economic Development Authority

Statement 2

Statement of Funds Provided and Expenditures

For The Year Ended December 31, 1987 (with comparative figures for the year ended December 31, 1986) (in thousands of dollars)

	1987	1986
Funds provided by the City of Edmonton	**$1,323**	$1,354
Other funds	**2**	13
	1,325	1,367
Expenditures:		
Advertising	**210**	201
Computer services	**2**	1
Consulting fees	**8**	9
Furniture and equipment	**37**	67
Honoraria		15
Labour	**11**	10
Labour overhead	**66**	62
Management contract	**151**	33
Miscellaneous, freight and delivery	**16**	28
Printing, postage and stationery	**139**	180
Professional fees	**27**	34
Promotion	**26**	22
Salaries	**593**	577
Space rent and maintenance	**90**	96
Transportation	**20**	16
Travel and training	**65**	80
Utilities	**23**	23
	1,484	1,454
Funds to be provided by the City of Edmonton	**$ 159**	$ 87

(See accompanying notes)

Notes to Financial Statements

December 31, 1987

1. Authority

The Edmonton Economic Development Authority ("the Authority") was created by the Edmonton Economic Development Authority Act, a Private Act of the Legislature of the Province of Alberta, in April, 1982. The City of Edmonton provides the Authority with funds which, in the opinion of the Council of the City, are necessary for the operation of the Authority.

2. Accounting Principles

The financial statements have been prepared in accordance with generally accepted accounting principles for municipal organizations.

3. Significant Accounting Policy

Fixed assets

The cost of fixed asset acquisitions and proceeds from fixed asset disposals are charged or credited to expenditures for the year.

Edmonton Convention and Tourism Authority

Auditors' Report

To the Board of Directors of
The Edmonton Convention and Tourism Authority

We have examined the combined balance sheet of the Edmonton Convention and Tourism Authority as at December 31, 1987 and the combined statements of operations, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of the Authority as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting policy as explained in Note 9 to the financial statements, on a basis consistent with that of the preceding year.

Edmonton, Alberta
February 26, 1988

Kingston Ross
Chartered Accountants

STATEMENT 1

Combined Statement of Operations

Year ended December 31, 1987
(in thousands of dollars)

	1987	(Restated) 1986 (Note 9)
REVENUE		
Grants — City of Edmonton	**$ 970**	$ 856
Incentive programs — Province of Alberta	**104**	38
Memberships	**55**	64
Co-operative programs, services and sales	**43**	96
Interest	**5**	7
Spirit of Edmonton — Grey Cup Committee	**34**	34
Lottery ticket sales	**115**	172
Expo 1986		189
Housing bureau	**101**	193
Rechargeable items	**19**	23
	1,446	1,672
EXPENSES		
Salaries and benefits — Permanent	**375**	328
— Part time	**165**	98
— Employee search and relocation	**32**	
Premises	**131**	74
Administrative	**129**	124
Marketing	**408**	895
Spirit of Edmonton — Grey Cup Committee	**39**	37
Lottery ticket program	**91**	145
Housing bureau	**95**	181
Consulting fees		16
Rechargeable items	**20**	27
	1,485	1,925
OPERATIONS DEFICIT	**$ 39**	$ 253

Edmonton Convention and Tourism Authority

Combined Statement of Surplus

Year ended December 31, 1987
(in thousands of dollars)

STATEMENT 2

	1987			(Restated) 1986 (Note 9)
	Operations	**Capital**	**Total**	Total
SURPLUS (DEFICIT), BEGINNING OF YEAR				
As previously stated	**$(108)**	**$ 42**	**$ (66)**	$ (36)
Prior period adjustment (note 9)	**(190)**		**(190)**	
As restated	**(298)**	**42**	**(256)**	(36)
ADD				
City of Edmonton facilities grant		**40**	**40**	47
Repayment of prior years capital purchase funded by operations	**24**		**24**	41
	(274)	**82**	**(192)**	52
DEDUCT				
Operations deficit	**39**		**39**	253
Repayment of prior years capital purchase funded by operations		**24**	**24**	41
Depreciation and amortization		**15**	**15**	14
SURPLUS (DEFICIT), END OF YEAR	**$(313)**	**$ 43**	**$(270)**	$(256)

Combined Balance Sheet

December 31, 1987
(in thousands of dollars)

STATEMENT 3

	1987	(Restated) 1986 (Note 9)
ASSETS		
CURRENT ASSETS		
Cash	**$ 68**	$
Accounts receivable (Note 2)	**70**	59
Prepaid expenses	**19**	43
	157	102
FIXED ASSETS (NOTE 3)	**43**	42
	$ 200	$ 144
LIABILITIES AND DEFICIT		
CURRENT LIABILITIES		
Bank indebtedness	**$**	$ 90
Accounts payable and accrued liabilities	**86**	286
Deferred membership revenue	**19**	24
Working capital loan — City of Edmonton (Note 4)	**365**	
	470	400
OPERATIONS DEFICIT (NOTE 5)	**(313)**	(298)
CAPITAL SURPLUS (NOTE 6)	**43**	42
	$(270)	$(256)
	$ 200	$ 144

Edmonton Convention and Tourism Authority

Combined Statement of Changes in Financial Position

Year ended December 31, 1987
(in thousands of dollars)

STATEMENT 4	1987	(Restated) 1986 (Note 9)
OPERATING ACTIVITIES		
Operations (deficit)	**$ (39)**	$(253)
Net change in non-cash working capital	**(192)**	78
	(231)	(175)
CAPITAL ACTIVITIES		
Purchase of fixed assets	**(16)**	(5)
FINANCING ACTIVITIES		
City of Edmonton facilities grant	**40**	47
City of Edmonton working capital loan	**365**	
	405	47
CASH PROVIDED (REQUIRED)	**158**	(134)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	**(90)**	43
CASH (BANK INDEBTEDNESS), END OF YEAR	**$ 68**	$ (90)

Notes to the Combined Financial Statements

December 31, 1987

1. Significant Accounting Policies

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with generally accepted accounting principles.

Basis of Presentation

These financial statements include the combined operations of the Edmonton Convention and Tourism Authority and The Spirit of Edmonton — Grey Cup Committee as the Authority controls and is responsible for the operations of this committee.

Fixed Assets

i) Fixed assets purchased are recorded at cost. The Authority provides depreciation and amortization on its fixed assets and allocates these charges directly to equity using the following method and rates:

	Method	Rate
Furniture and fixtures	Straight-line	20%
Leasehold improvements	Straight-line	Term of lease

ii) Fixed assets provided by The City of Edmonton are recorded in the accounts at the nominal value of $1. The most significant of the items are represented by Visitor Information Centres located on Highway 16 at the East and West entrances to the city.

Deferred Membership Revenue

Deferred membership revenue includes both revenue billed in advance and current billings for prospective members. During 1987 the Authority put in place a policy to annualize membership billing. Commencing in 1988 memberships will be billed on a calendar year basis.

Edmonton Convention and Tourism Authority

Notes to the Combined Financial Statements — continued

December 31, 1987

2. Accounts Receivable

	1987	1986
Membership	**$ 1,121**	$23,649
Co-operative programs and joint promotions	**41,632**	30,409
Spirit of Edmonton	**26,640**	5,261
	$69,393	$59,319

3. Fixed Assets

	1987			1986
	Cost	**Accumulated Depreciation and Amortization**	**Net Book Value**	Net Book Value
Furniture and fixtures	**$ 46,048**	**$22,596**	**$23,452**	$19,973
Leasehold improvements	**49,259**	**37,149**	**12,110**	19,311
Artwork	**3,030**		**3,030**	3,030
Computer equipment	**5,965**	**895**	**5,070**	
	$104,302	**$60,640**	**$43,662**	$42,314

Depreciation and amortization provided for in current year totalled $15,331; (1986 — $14,062).

4. Working Capital Loan — City of Edmonton

The working capital loan is non-interest bearing, unsecured and has no fixed terms of repayment.

5. Operations Deficit

The Authority's operations deficit includes the combined operations of the Edmonton Convention and Tourism Authority and the Spirit of Edmonton — Grey Cup Committee. The components of the operations deficit are:

	1987	1986
Edmonton Convention and Tourism Authority	**$(326,248)**	$(305,209)
Spirit of Edmonton — Grey Cup Committee	**12,776**	6,934
	$(313,472)	$(298,275)

6. Capital Surplus

	1987
Funded by City of Edmonton	$ 87,623
Funded by Edmonton Convention and Tourism Authority's Operations	16,679
Total capital funding	104,302
Accumulated depreciation charged to Capital Surplus	60,640
	$ 43,662

7. Lease Commitments

The Authority leases its administrative office premises and downtown Visitor Information Centre from the Convention Centre Authority in the Edmonton Convention Centre. The Authority also leases space from the Government of Canada at the Edmonton International Airport. Annual rentals under agreements presently outstanding are as follows:

1988	$61,936
1989	$61,936
1990	$15,483

8. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform with current year's presentation.

Notes to the Combined Financial Statements — continued

December 31, 1987

9. Accounting Changes

a) Correction of 1986 financial statements

The 1986 comparative figures in these financial statements have been restated as a result of errors discovered as follows:

- i) In 1986 a capital grant received from the City of Edmonton in the amount of $47,183 was incorrectly recorded as an operating grant.
- ii) Subsequent to the preparation of the 1986 financial statements it was determined that a tourism grant in the amount of $50,000 had been incorrectly recorded as accounts receivable and income.
- iii) During 1987 management determined that expenses in the amount of $33,692 which related to the operations of 1986, had not been recorded.

b) Changes in accounting policy

During the year the board of directors approved a change in the authorities accounting policy whereby promotional materials are to be charged to expense in the year purchased rather than being inventoried and charged to expense as used. This change has been accounted for retroactively and resulted in an increase to the 1986 operating deficit of $106,527.

c) The 1986 comparative figures in these financial statements have been restated to reflect these changes.

	As Previously Stated	Change In Accounting Policy	Corrections	As Restated
Revenue	$1,769,390	$	$ 97,183	$1,672,207
Expenditures	1,785,045	106,527	33,692	1,925,264
Operating deficit	$ 15,655	$106,527	$103,875	$ 253,057
Assets	$ 301,106	$106,527	$ 50,000	$ 144,579
Liabilities	366,848		33,692	400,540
Deficit	$ 65,742	$106,527	$ 83,692	$ 255,961

Special Funds — Financial Statements

Leaders in Urban Lifestyle and Tourism

Edmonton is an active, young community — 70 per cent of its population is under the age of 44. The life of the community reflects that youth and activity level. Theater is popular, with 10 active live theater groups. Festivals — organized for the most part by volunteers — abound, with Edmonton proudly hosting 10 major events annually including the Klondike Days summer celebration; Heritage Days cultural celebration; Jazz City; the Fringe Theater Festival; and many others.

Tourists and visitors to Edmonton can enjoy the festivals, arts activities or other attractions, such as West Edmonton Mall, the world's largest retail and entertainment center.

Klondike Days celebrates the Gold Rush days of almost 100 years ago.

Fringe theater organized and produced 56 guerilla plays in its 10-day run in 1987.

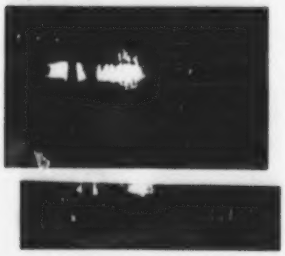
FRINGE DAZE

Summerfest, the annual street performers gala.

River Raft Race, a part of the Klondike Days summer celebration.

West Edmonton Mall Waterpark, part of the entertainment and retail complex.

A prairie city need not be without a waterfall; if you want something, there are ways…



Heritage Days, Edmonton's multicultural showcase.

Summer Fest

KLONDIKE DAYS

Lucy, a star of Edmonton's Valley Zoo.

Folk Festival attracts thousands each summer.

The Space Sciences Center Devonian IMAX theatre is one of only three in Canada and 60 in the world.

Muttart Conservatory, a series of pyramid-shaped greenhouses simulating climatic conditions from around the world and housing vegetation common to those areas.

Margaret Zeidler Star Theater at Edmonton's Space Sciences Center features a Zeiss-Jena star projector, one of the finest in the world.

The Sinking Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Sinking Fund of The City of Edmonton as at December 31, 1987 and the statements of earnings and unappropriated surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Sinking Fund of The City of Edmonton as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1988

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Cash	**$ 3**	$ 6
Short-term investments — at cost:		
The City of Edmonton	**225**	490
Commercial paper	**43,279**	54,544
	43,504	55,034
Accrued interest on investments	**1,661**	1,067
Due from The City of Edmonton	**53**	5
Deferred foreign exchange loss	**202**	644
Bonds and debentures — at amortized cost (note 2)	**36,905**	10,961
	$82,328	$67,717
Liabilities, Reserves and Surplus		
Accounts payable	**$ 323**	$ 2
Reserves for debt retirement:		
9¼% Series U due September 1, 1990	**4,131**	3,782
9¼% Series W due December 15, 1990	**3,892**	3,252
8¾% Series Y due August 4, 1991	**2,921**	2,664
8½% Series AA due May 15, 1992	**4,711**	4,279
8½% Series AB due June 15, 1992	**4,692**	4,261
12¼% Series DB due March 15, 1993	**17,391**	12,656
9 % Series CB due March 1, 1994	**1,436**	934
12¼% Series EB due June 14, 2003	**6,143**	4,470
11¼% Series IB due December 17, 2005	**2,807**	1,363
Allowance for exchange costs at maturity	**1,404**	1,622
Total reserves for debt retirement	**49,528**	39,283
Unappropriated surplus	**32,477**	28,432
	$82,328	$67,717

See accompanying notes to financial statements.

The Sinking Fund of The City of Edmonton

Statement of Earnings and Unappropriated Surplus

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Interest earnings	**$ 5,610**	$ 5,536
Amortization of discounts and premiums, net	**984**	124
Gain (loss) on sale of securities	**(181)**	219
Gain on foreign currency translation	**10**	95
	6,423	5,974
Amortization of deferred foreign exchange loss (note 1)	**(43)**	(118)
Net earnings	**6,380**	5,856
Appropriation of required earnings on sinking funds	**2,335**	1,766
Unappropriated earnings for the year	**4,045**	4,090
Unappropriated surplus, beginning of year	**28,432**	24,342
Unappropriated surplus, end of year	**$32,477**	$28,432

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Investing activities:		
Net earnings	**$ 6,380**	$ 5856
Add (deduct):		
Items not affecting cash:		
Amortization of discounts and premiums — net	**(984)**	(124)
Loss (gain) on sale of securities	**181**	(219)
Gain on foreign currency translation	**(10)**	(95)
Amortization of deferred foreign exchange loss	**43**	118
	5,610	5,536
Decrease (increase) in accrued interest on investments	**(594)**	70
Proceeds from disposal of bonds and debentures	**13,015**	3,038
Purchase of bonds and debentures	**(37,648)**	(3,440)
Cash provided by (applied to) investing activities	**(19,617)**	5,204
Financing activities:		
Decrease (increase) in Due from The City of Edmonton	**(44)**	2
Proceeds toward future debt retirement from The City of Edmonton	**8,128**	8,128
Cash provided by financing activities	**8,084**	8,130
Increase (decrease) in cash during the year	**(11,533)**	13,334
Cash and cash equivalents, beginning of year	**55,040**	41,706
Cash and cash equivalents, end of year	**$43,507**	$55,040
Cash and cash equivalents are comprised of:		
Cash	**$ 3**	$ 6
Short-term investments	**43,504**	55,034
	$43,507	$55,040

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1987

The City of Edmonton makes annual payments into The Sinking Fund as required by each debenture issue. These funds are invested by The Sinking Fund in securities approved in the Municipal Government Act. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those required are maintained within the fund as unappropriated surplus.

This unappropriated surplus may, on request of the City Council and subject to the approval of the Local Authorities Board, be used for such purposes as approved by the Board.

1. Summary of significant accounting policies:

a) Amortization of premiums and discounts:
Bond and debenture premiums and discounts are amortized on the straight-line basis over the term of the issue.

b) Foreign exchange translation:
Reserves for debt retirement are translated at the current exchange rate. The gain or loss on translation is deferred and amortized over the term of the debt issue.

2. Bonds and debentures:

	Market Value		Amortized Cost	
	1987	1986	1987	1986
Government of Canada	**$23,376,321**		**$23,414,505**	
Provinces of Canada		1,367,000		1,448,511
The City of Edmonton	**13,051,556**	10,089,239	**13,490,565**	9,312,891
Other municipalities		198,500		199,854
	$36,427,877	11,654,739	**$36,905,070**	10,961,256

3. Related party transactions:

The Sinking Fund advanced a short-term loan to the City of Edmonton Pension Fund during the year under an agreement that required payment of interest at normal commercial rates. As at December 31, 1987 the loan was repaid and interest charges of $69,598 were paid to The Sinking Fund.

The Reserves Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Reserves Fund of The City of Edmonton as at December 31, 1987 and the statements of earnings, reserve deposits and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Reserves Fund of The City of Edmonton as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1988

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Cash	**$ 4**	$ 4
Short-term investments — at cost:		
The City of Edmonton	**1,105**	
Commercial paper	**22,009**	29,542
	23,114	29,542
Accrued interest on investments	**954**	657
Accounts receivable	**5**	2
Due from The City of Edmonton		200
Bonds and debentures — at amortized cost (note 2)	**19,696**	17,749
Less allowance to reduce to market value	**1,279**	98
	18,417	17,651
	$42,494	$48,056
Liabilities, Reserves and Equity		
Accounts payable	**$ 6**	$ 5,088
Note payable — The City of Edmonton		2,600
Due to The City of Edmonton	**721**	
Reserve deposits	**16,406**	15,915
The City of Edmonton equity	**25,361**	24,453
	$42,494	$48,056

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Statement of Earnings

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Revenue:		
Interest earned	**$3,628**	$3,577
Gain (loss) on disposal of securities	**(137)**	319
Amortization of discounts and premiums net	**(58)**	(34)
	3,433	3,862
Expenses:		
Trustee honorariums	**1**	1
Other expenses	**2**	2
	3	3
Net earnings	**$3,430**	$3,859
Distribution of net earnings:		
Reserve deposits	**$1,341**	$1,524
The City of Edmonton equity	**2,089**	2,335
	$3,430	$3,859

See accompanying notes to financial statements.

Statement of Reserve Deposits and Equity

Year ended December 31, 1987
(in thousands of dollars)

	December 31, 1986	Deposits	Net Earnings	Withdrawals	Adjustment to Market	December 31, 1987
Reserve Deposits:						
Cemetery Perpetual Care	$ 1,545	$ 30	$ 121	$ 144	$	**$ 1,552**
Edmonton Creche and Day Nursery	3					**3**
Parkland Reserve Trust	171	281	13			**465**
Self-Insurance	13,946	21	1,186	1,017		**14,136**
Motor Vehicles	250		21	21		**250**
Total reserve deposits	15,915	332	1,341	1,182		**16,406**
The City of Edmonton equity	24,453		2,089		(1,181)	**25,361**
	$40,368	$ 332	$ 3,430	$ 1,182	$ (1,181)	**$41,767**

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Statement of Changes in Financial Position

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Investing activities:		
Net earnings	**$ 3,430**	$ 3,859
Add (deduct):		
Items not affecting cash:		
Gain on disposal of securities	**137**	(319)
Amortization of discounts and premiums	**58**	34
	3,625	3,574
Decrease (increase) in accrued interest on investments	**(297)**	12
Increase in accounts receivable	**(3)**	
Increase (decrease) in accounts payable	**(5,082)**	4,867
Proceeds from disposal of bonds and debentures	**9,590**	15,383
Purchases of bonds and debentures	**(11,732)**	(29,070)
Cash applied to investing activities	**(3,899)**	(5,234)
Financing activities:		
Decrease (increase) in Due from The City of Edmonton	**921**	(326)
Net deposits to (withdrawals from) reserves	**(850)**	92
Cash provided by (applied to) financing activities	**71**	(234)
Decrease in cash during the year	**(3,828)**	(5,468)
Cash and cash equivalents, beginning of year	**26,946**	32,414
Cash and cash equivalents, end of year	**$ 23,118**	$ 26,946
Cash and cash equivalents are comprised of:		
Cash	**$ 4**	$ 4
Short-term investments	**23,114**	29,542
Note payable to The City of Edmonton		(2,600)
	$ 23,118	$ 26,946

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1987

The City of Edmonton maintains The Reserves Fund to finance the specified activities summarized on the Statement of Reserve Deposits and Equity.

1. Summary of significant accounting policies:

(a) Amortization of Premiums and Discounts
Bond and debenture premiums and discounts are amortized on the straight-line basis over the term of the issue.

(b) Distribution of Net Earnings
Net earnings are distributed to reserve deposits and The City of Edmonton equity account based on their weighted average proportionate share of the total assets.

(c) Adjustment to Market
The adjustment to value bonds and debentures to the lower of cost and market value is applied directly to The City of Edmonton equity account.

2. Bonds and debentures:

	Market Value		Amortized Cost	
	1987	1986	1987	1986
Government of Canada	**$14,466,270**	13,091,537	**$15,557,618**	13,132,783
The City of Edmonton	**3,945,965**	4,549,653	**4,133,583**	4,606,872
Other municipalities and school districts	**4,825**	9,550	**4,904**	9,586
Total	**$18,417,060**	17,650,740	**$19,696,105**	17,749,241

3. Related party transactions:

The Reserves Fund advanced a short-term loan to The City of Edmonton Pension Fund during the year under an agreement that required payment of interest at normal commercial rates. As at December 31, 1987 the loan was repaid and interest charges of $4,441 were paid to The Reserves Fund.

The Pension Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the statements of net assets of The Pension Fund of The City of Edmonton which is comprised of the Pension Investment Fund and its six member funds; the Annuity Fund, Police Supplementary Pension Fund, Fire Supplementary Pension Fund, The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief, Group Life Insurance Fund, and the General Pension Fund as at December 31, 1987 and the statement of changes in net assets for each aforementioned fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the net assets of The Pension Fund of The City of Edmonton as at December 31, 1987 and the changes therein for the year then ended in accordance with accounting principles, as set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1988

Peat Marwick
Chartered Accountants

Pension Investment Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Cash	**$ 3**	$ 6
Accrued interest on investments	**324**	592
Accounts receivable	**51**	68
Short-term investments, at cost	**1,421**	7,893
Bonds and debentures, at market value (note 2)	**13,612**	17,697
Common and preferred shares, at market value (note 2)	**11,585**	19,385
Mortgages, at market value (note 2)	**218**	321
	27,214	45,962
Less liabilities:		
Accounts payable	**697**	1,027
Notes payable — The City of Edmonton		3,915
	697	4,942
Net assets (note 1c)	**$26,517**	$41,020

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Pension Investment Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Net cash flow of:		
Annuity Fund	**$ (477)**	$ (530)
Police Supplementary Pension Fund	**(127)**	(118)
Fire Supplementary Pension Fund	**687**	727
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	**(12)**	(30)
Group Life Insurance Fund	**(1)**	(6)
General Pension Fund	**(16,746)**	(22)
	(16,676)	21
Investment income:		
Interest from short-term investments (net)	**274**	790
Bonds and debentures:		
Interest	**1,499**	1,324
Capital appreciation (depreciation)	**(1,695)**	1,092
Common and preferred shares:		
Dividends	**403**	499
Capital appreciation	**1,748**	662
Mortgages:		
Interest	**18**	28
Capital appreciation	**10**	12
Mortgage fees	**(1)**	(2)
	2,256	4,405
Less investment expenses:		
Investment counselling fees	**68**	79
Administration	**15**	17
	83	96
Net investment income	**2,173**	4,309
Increase (decrease) in net assets	**(14,503)**	4,330
Net assets, beginning of year	**41,020**	36,690
Net assets, end of year (note 1c)	**$26,517**	$41,020

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Annuity Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	**$3,730**	$4,060
Accounts receivable		1
Net assets	**$3,730**	$4,061

Annuity Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Contributions — The City of Edmonton	**$ 18**	$ 21
Net investment income of Pension Investment Fund allocated to Annuity Fund	**146**	468
	164	489
Less: Pension payments	**494**	553
Administrative	**1**	
	495	553
Decrease in net assets	**(331)**	(64)
Net assets, beginning of year	**4,061**	4,125
Net assets, end of year	**$3,730**	$4,061

See accompanying notes to financial statements.

Police Supplementary Pension Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	**$2,248**	$2,297

Police Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Net investment income of Pension Investment Fund allocated to Police Supplementary Pension Fund	**$ 78**	$ 251
Less: Pension payments	**126**	118
Administrative	**1**	
	127	118
Increase (decrease) in net assets	**(49)**	133
Net assets, beginning of year	**2,297**	2,164
Net assets, end of year	**$2,248**	$2,297

See accompanying notes to financial statements.

Fire Supplementary Pension Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	**$20,450**	$19,173
Contributions receivable		18
	20,450	19,191
Less accounts payable		2
Net assets	**$20,450**	$19,189

Fire Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Contributions:		
Employees	**$ 411**	$ 359
The City of Edmonton	**1,109**	1,014
Net investment income of Pension Investment Fund allocated to Fire Supplementary Pension Fund	**590**	1,959
	2,110	3,332
Less: Pension payments	**844**	638
Withdrawals of contributions	**2**	3
Administrative	**3**	
	849	641
Increase in net assets	**1,261**	2,691
Net assets, beginning of year	**19,189**	16,498
Net assets, end of year	**$20,450**	$19,189

See accompanying notes to financial statements.

The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	$ 26	$ 36
Accounts payable	1	
	$ 25	$ 36

The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Contributions:		
Employee	$ 2	$ 1
The City of Edmonton	3	3
Net investment income of Pension Investment Fund allocated to Fire Chief/Deputy Fire Chief Fund	1	6
	6	10
Less: Pension payments	14	34
Administrative	3	
	17	34
Decrease in net assets	(11)	(24)
Net assets, beginning of year	36	60
Net assets, end of year	$ 25	$ 36

See accompanying notes to financial statements.

Group Life Insurance Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	$ 63	$ 62

Group Life Insurance Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Net investment income of Pension Investment Fund allocated to Group Life Insurance Fund	$ 2	$ 7
Less: Life insurance benefits paid	1	5
Increase in net assets	1	2
Net assets, beginning of year	62	60
Net assets, end of year	$ 63	$ 62

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

General Pension Fund Statement of Net Assets

December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Units of Pension Investment Fund (note 1c)	$	$15,391
Less due to Local Authorities Pension Plan		4
Net assets	$	$15,387

General Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Net investment income of Pension Investment Fund allocated to General Pension Fund	**$ 1,355**	$ 1,618
Less: Payments on account of liability to Local Authorities Pension Plan		4
Refund of contributions under Rule 45-10	**2**	
Professional fees	**1**	1
Payment to City of Edmonton	**16,739**	
	16,742	5
Increase (decrease) in net assets	**(15,387)**	1,613
Net assets, beginning of year	**15,387**	13,774
Net assets, end of year	**$**	$15,387

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Notes to Financial Statements

December 31, 1987

1. Significant accounting policies:

a) The financial statements of The Pension Fund of The City of Edmonton, prepared on a unitized basis, consist of the Pension Investment Fund and six member funds. The six member funds are the:

- i) Annuity Fund;
- ii) Police Supplementary Pension Fund;
- iii) Fire Supplementary Pension Fund;
- iv) Fire Chief/Deputy Fire Chief Supplementary Pension Fund;
- v) Group Life Insurance Fund; and
- vi) General Pension Fund.

These financial statements show only the position of the net assets under the control of Trustees of The City of Edmonton Pension Fund, and do not purport to show the adequacy of the fund to meet the obligations to the participants in The City of Edmonton pension plans.

b) The accounts of the Pension Investment Fund include the following:

- i) assets, consisting primarily of cash, investments and accounts receivable relating to investments all of which are administered on behalf of member funds;
- ii) liabilities, consisting primarily of accounts payable relating to investments administered on behalf of member funds;
- iii) sources of net assets, consisting primarily of the positive cash flow of member funds and investment income; and
- iv) uses of net assets, consisting primarily of the negative cash flow of member funds and investment expenses.

The accounts of the member funds include the following:

- i) assets consisting primarily of units of the Pension Investment Fund and accounts receivable;
- ii) liabilities consisting primarily of accounts payable;
- iii) sources of net assets consisting primarily of employee pension contributions, City of Edmonton contributions and a proportionate share of the net investment income of the Pension Investment Fund; and
- iv) uses of net assets consisting primarily of pensions paid and payments or repayments of contributions to employees or others.

c) Units of the Pension Investment Fund were allocated to certain member funds in proportion to their interest in the Pension Investment Fund as of January 1, 1972 (the starting date for the unitization process) at an initial value of $10 per unit. Subsequently, units have been allocated quarterly to member funds based on their respective cash flows at a unit value calculated by reference to the market value of the net assets of the Pension Investment Fund and the number of units outstanding.

The units of the Pension Investment Fund held by member funds and the respective share of Pension Investment Fund net assets represented by these units at December 31, 1987 (value per unit $44.310520) and 1986 (value per unit $42.937389) are as follows:

	Units		Amount	
	1987	1986	1987	1986
Annuity Fund	**84,175.72**	94,569.48	**$ 3,729,870**	4,060,566
Police Supplementary Pension Fund	**50,726.09**	53,485.51	**2,247,699**	2,296,529
Fire Supplementary Pension Fund	**461,522.30**	446,546.19	**20,450,293**	19,173,527
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	**585.46**	846.08	**25,942**	36,329
Group Life Insurance Fund	**1,421.65**	1,439.63	**62,995**	61,814
General Pension Fund		358,454.85		15,391,115
	598,431.22	955,341.74	**$26,516,799**	41,019,880

Notes to Financial Statements — continued

December 31, 1987

2. Investments:

Investments, excluding short-term investments, consist of:

	Market Value		Cost	
	1987	1986	1987	1986
Bonds:				
Government of Canada	**$13,611,650**	17,696,806	**$13,992,491**	17,331,310
Common and preferred shares	**$11,585,241**	19,384,730	**11,184,926**	18,810,553
Mortgages	**$ 218,210**	320,852	**$ 161,948**	274,217

The market value of mortgages is a calculated amount based upon the relationship of current mortgage interest rates and the mortgage rates in the investment portfolio.

3. Actuarial Surpluses and Deficiencies:

a) **Annuity Fund:**
An actuarial valuation as of December 31, 1986 disclosed an actuarial surplus of $1,349,200. The disposition of this balance is uncertain.

b) **Police Supplementary Pension Fund:**
An actuarial valuation performed as of December 31, 1986 disclosed an actuarial surplus of $164,800. The disposition of this balance is uncertain.

c) **Firefighter's Supplementary Pension Fund:**
Based on an actuarial valuation as of December 31, 1986, the Firefighter's Supplementary Pension Fund had an aggregate unfunded liability amounting to approximately $10,600,000. Of this amount $1,300,000 is being funded through annual special payments of $332,644 to the year 1991. The funding for the remaining balance is uncertain at this date.

d) **Fire Chief/Deputy Fire Chief Supplementary Pension Fund:**
An actuarial valuation as of December 31, 1986 disclosed an unfunded liability of $324,000. The funding of this balance is uncertain at this date.

e) **Group Life Insurance Fund:**
As of December 31, 1987, an amount of $2,584 was determined to be the amount required to pay future beneficiaries from this fund. The net assets of the Group Life Insurance Fund as of December 31, 1987 amounted to $62,995 indicating an excess in this fund of $60,411.

f) **General Pension Fund:**
This fund represents contributions prior to the transfer of the General Pension Fund to the Local Authorities Pension Plan. A 1984 litigation settlement resulted in a distribution of funds to certain employee associations and employers other than The City of Edmonton. The amount that remained in this fund represented the residual awarded to The City of Edmonton as an employer. The residual of this fund amounting to $16,738,829 as of June 14, 1987, was disbursed to The City of Edmonton on June 15, 1987.

4. Related party transactions:

The Pension Fund was advanced short-term loans from The City of Edmonton Sinking and Reserves Funds during the year under an agreement that required payment of interest at normal commercial rates. As at December 31, 1987 all loans were repaid and interest charges during the year amounted to $74,039 paid $69,598 to the Sinking Fund and $4,441 to the Reserves Fund.

Boards — Financial Statements

Leaders in Volunteer Support

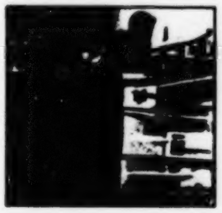
A strength of Edmonton has always been the community's willingness to help one another: perhaps a result of being such a young community, both demographically and historically. Our city and province are less than 100 years old.

In 1987, Edmontonians responded overwhelmingly when a devastating tornado took the lives of 27 people and left hundreds homeless and in need.

The 'pull together' attitude has been in evidence in many other aspects of community life as well. Champion efforts, often by volunteers, in organizing and providing help to the city's needy, its youth and elderly enhance our quality of life.

An injured man being given medical help after the tornado.

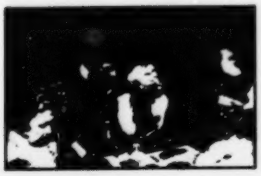
Volunteer help was appreciated by emergency personnel in the wake of the tornado.



A number of military personnel donated personal time during the recovery phase.

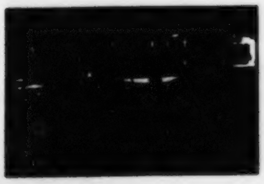
Volunteer rescue workers remove injured man from wreckage.

Edmonton Christmas Bureau provides presents and Christmas dinner to disadvantaged families. They depend on volunteers to raise funds and distribute hampers and gifts. Staff at the Muttart Conservatory are awarded for their part in lighting up the pyramids as funding goals are met.

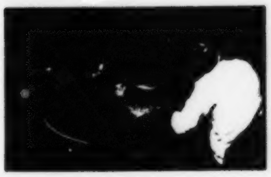


Seniors helping seniors — at a senior citizens home.

— and by providing a needed ride.



The community mediation project is staffed with trained volunteers who help resolve neighborhood disputes.



The 'Study Buddy' system for helping children with homework depends on volunteers.

A volunteer Social Services Advisory Committee makes recommendations to government concerning agency funding.

Boards

Edmonton Northlands

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited, is a non-profit company incorporated under the Laws of Alberta. It has authorized 300 shares and issued 232 shares. No dividends or profits shall be paid to any of the shareholders of the company.

Because The City of Edmonton owns the lands on which the Edmonton Northlands facilities are situated, all buildings and improvements situated thereon are the properties of The City of Edmonton.

The Edmonton Public Library Board

The Edmonton Public Library Board operates under the Libraries Act (Provincial Statute). The Board consists of nine members of whom one is an Alderman. The Board exercises general management, regulations and control of the Library.

The City of Edmonton uses taxes to provide operating funds and as required, with the approval of the Local Authorities Board, borrows money to finance capital expenditures. The City's financial statements reflect the operations of the Library.

Royal Alexandra Hospital Board

The Royal Alexandra Hospital Board consists of the Mayor and three Aldermen.

As The City of Edmonton owns the land on which the hospital is situated, all buildings and improvements are the property of the City. The City, with the approval of the Local Authorities Board, borrows funds for capital programs.

The City's financial statements only include the assets of the Royal Alexandra Hospital equivalent to the outstanding debenture borrowings. All debt servicing is recovered from the Provincial Government.

The Edmonton School District No. 7
The Edmonton R.C. Separate School District No.7

School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act.

The School Boards establish their own budgets for current and capital expenditures and have the power with the approval of the Local Authorities Board to borrow money.

The only relationship between these two boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by the School Boards.

Edmonton Northlands

Auditors' Report

To the Members of
Edmonton Northlands:

We have examined the balance sheet of Edmonton Northlands as at September 30, 1987 and the statements of reinvested earnings, income and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Edmonton Northlands as at September 30, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
November 13, 1987

Clarkson Gordon
Chartered Accountants

Edmonton Northlands

Statement of Income

for the year ended
September 30, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	REVENUE		DIRECT EXPENSES		OPERATING INCOME (LOSS)	
	1987	1986	1987	1986	1987	1986
Facilities	$ 9,750	$ 9,120	$ 8,840	$ 8,506	$ 910	$ 614
Concessions	4,224	3,764	3,120	2,783	1,104	981
Lounges and dining facilities	5,103	4,334	4,229	3,650	874	684
Agriculture	215	206	947	1,121	(732)	(915)
Rodeos	613	622	754	733	(141)	(111)
Thoroughbred racing	6,118	6,496	6,125	6,403	(7)	93
Harness racing	6,267	6,005	6,273	6,278	(6)	(273)
Klondike Days	4,881	4,836	4,643	4,623	238	213
Northlands' sponsored events	820	493	562	349	258	144
Trade shows	56		592	154	(536)	(154)
	38,047	35,876	36,085	34,600	1,962	1,276
Less internal rental revenue and expenses	(2,638)	(2,513)	(2,638)	(2,513)		
	$35,409	$33,363	$33,447	$32,087	1,962	1,276
Indirect expenses, depreciation and amortization						
Administration					1,830	1,863
Interest expense net of interest income (Note 5)					1,291	1,272
Contributions to other groups					147	51
Corporate relations					376	460
Depreciation (Note 2)					3,052	2,458
Amortization of contributions for expansion of facilities and capital debt retirement					(1,829)	(1,707)
					4,867	4,397
Operating loss					(2,905)	(3,121)
Province of Alberta grants and contributions					1,044	1,143
Western Canada Lottery Corporation funding for operations (Note 6)					500	250
Other						25
					1,544	1,418
Net loss					$ (1,361)	$ (1,703)

(The accompanying notes are an integral part of the financial statements)

Edmonton Northlands (Incorporated under the laws of Alberta)

Balance Sheet

September 30, 1987
(with comparative figures at September 30, 1986)
(in thousands of dollars)

	1987	1986
ASSETS		
Current:		
Cash and term deposits	**$ 3,802**	$10,027
Accounts receivable	**1,086**	738
Due from Province of Alberta	**366**	870
Inventories	**289**	270
Prepaid expenses and deposits (Note 9)	**504**	429
Total current assets	**6,047**	12,334
Fixed assets (Note 2)	**78,982**	72,200
	$85,029	$84,534

(The accompanying notes are an integral part of the financial statements)

Edmonton Northlands (Incorporated under the laws of Alberta)

Balance Sheet

September 30, 1987
(with comparative figures at September 30, 1986)
(in thousands of dollars)

	1987	1986
LIABILITIES AND EQUITY		
Current:		
Accounts payable and accrued charges	**$ 7,714**	$ 8,035
Accrued interest on long-term debt	**457**	467
Current portion of long-term debt	**1,597**	1,583
Total current liabilities	**9,768**	10,085
Long-term debt (Note 3)	**16,299**	17,897
Deferred revenue	**1,222**	122
Contingencies (Note 8)		
Contributions for expansion of facilities and capital debt retirement (Note 4)	**51,430**	48,758
Equity:		
Capital —		
Authorized:		
300 shares of $5 each		
Issued:		
232 shares (1986 - 217 shares)	**1**	1
Reinvested earnings	**6,309**	7,671
	6,310	7,672
	$85,029	$84,534

(The accompanying notes are an integral part of the financial statements)

Edmonton Northlands

Statement of Cash Flows

for the year ended
September 30, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the year	**$ (1,361)**	(1,703)
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation	**3,052**	2,458
Amortization of contributions	**(1,829)**	(1,707)
Amortization of deferred revenue	**(30)**	(30)
Increase in deferred revenue	**1,130**	
Net change in non-cash working capital balances related to operations (Note 7)	**(791)**	779
Cash provided by (used in) operating activities	**171**	(203)
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	**(9,850)**	(4,569)
Proceeds from disposal of property, plant and equipment	**16**	40
Cash provided by (used in) investment activities	**(9,834)**	(4,529)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	**(1,584)**	(1,776)
Capital Contributions —		
Province of Alberta	**4,500**	304
Western Canada Lottery Corporation		3,627
Net change in non-cash working capital balances related to financing activities (Note 7)	**522**	1,760
Cash provided by financing activities	**3,438**	3,915
Net increase (decrease) in cash during the year	**(6,225)**	(817)
Cash position at beginning of year	**10,027**	10,844
Cash position at end of year	**$ 3,802**	$10,027

(The accompanying notes are an integral part of the financial statements)

Statement of Reinvested Earnings

for the year ended
September 30, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
Reinvested earnings, beginning of year	**$ 7,671**	$ 9,374
Net loss for the year	**(1,361)**	(1,703)
Reinvested earnings, end of year	**$6,310**	$ 7,671

(The accompanying notes are an integral part of the financial statements)

Notes to Financial Statements

September 30, 1987

Introduction

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited which was incorporated in 1908, is the successor to the Edmonton Agricultural Society of 1879 and The Edmonton Industrial Exhibition Association of 1899. Its purpose is to provide programs and facilities to benefit the residents of Northern Alberta in the fields of Agriculture, Trade Shows and Exhibitions, Entertainment and Community Service. The Company's 232 members, along with associate directors and other volunteers, provide the impetus and volunteer assistance that enables it to achieve its objectives. The Company is exempt from income tax, it cannot pay dividends to its members, the shares cannot appreciate in value and its members and directors do not receive any fee for their services. Reinvested earnings of the Company are invested in its facilities.

The Company is qualified under the provisions of the Alberta Agriculture Societies Act and receives substantial funding from the Province of Alberta by way of grants and loan guarantees and from the Western Canada Lottery Corporation. Assistance has also been received from the Government of Canada by way of grants and loans, and from the City of Edmonton, primarily for land acquisition.

The land on which the Company's facilities are located is held in the name of the City of Edmonton and leased to the Company under a lease which expires in 1999. If the lease is not renewed or extended, the buildings and improvements on the leased lands will revert to the City of Edmonton. The amount of the annual lease rental is subject to periodic review and is currently under discussion with the City. (See Note 8).

1. Summary of significant accounting policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles described in this note which have been consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in light of the information available up to November 13, 1987. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost and, except for land and properties acquired for future expansion, are depreciated on the straight-line basis over the estimated useful lives of the assets as set out below. No depreciation is recorded on construction in progress until such time as the assets are substantially complete.

Assets	Useful life
Coliseum and AgriCom	50 years
Other buildings	25 years
Equipment	3 to 15 years

Interest on borrowings in respect of capital projects is expensed, except where carrying costs form an integral part of construction contracts.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value.

GRANTS AND CONTRIBUTIONS

Grants and contributions are recognized at the earliest of the date of commitment by the grantor or upon receipt by the Company. Amounts designated for capital purposes, including the acquisition of property for expansion, construction of facilities or retirement of capital debt, are credited to "Contributions for expansion of facilities and capital debt retirement" and amortized into income each year on the same basis as the related assets. Amounts designated for capital purposes which are used to pay interest on capital debt are applied to reduce interest costs. Other grants and contributions not specifically designated for capital purposes are included in income.

DEFERRED REVENUES

Revenues received which relate to future periods are deferred and brought into income over the term of the related agreements.

Edmonton Northlands

Notes to Financial Statements — continued

September 30, 1987

REVENUE AND EXPENSES

The revenue and expenses recorded in these statements reflect only the amounts actually attributable to the Company. Amounts received or disbursed on behalf of third parties are not reflected.

Internal rental revenue and expenses represent inter-departmental charges for services provided and used between the departments. These charges are determined by management to represent external market conditions and are applied on a basis consistent with the previous year.

2. Fixed assets

The details of fixed assets at September 30, are as follows:

	1987			1986
	Cost	Accumulated depreciation	Net book value	Net book value
Coliseum	$ 20,335,556	$ 8,237,976	$12,097,580	$ 9,790,445
AgriCom	38,616,019	3,050,515	35,565,504	35,822,283
Other buildings and improvements	27,200,585	14,194,854	13,005,731	13,507,234
Equipment	8,475,968	2,687,489	5,788,479	2,503,508
Properties acquired for future expansion	8,607,665		8,607,665	8,423,064
Construction in progress	3,916,750		3,916,750	2,153,392
	$107,152,543	$28,170,834	$78,981,709	$72,199,926

During the year the score clock in the Coliseum was replaced and its remaining net book value of $172,000 was written off and included in depreciation.

3. Long-term debt

	1987	1986
Government of Canada loan due December 31, 2004, interest rate 8.595%, annual instalments of $469,324 principal and interest	$ 4,222,000	4,320,000
Government of Canada loan due December 31, 2004, interest rate 9.025%, annual instalments of $311,662 principal and interest	2,724,300	2,784,700
Term bank loan for the AgriCom due April 30, 1999, interest at prime payable monthly, annual principal instalments of $1,200,000	10,725,000	11,925,000
Demand bank loan, interest at prime plus ½ of 1% payable monthly, annual principal instalments of $225,000	225,000	450,000
	17,896,300	19,479,700
Less amounts due within one year	1,597,300	1,583,400
	$16,299,000	$17,896,300

The Government of Canada loans are secured by guarantees of the Government of the Province of Alberta.

As general collateral for the bank loans, the bank holds a registered assignment of book debts. As specific collateral for the term bank loan for the AgriCom, the bank holds a guarantee of the Government of the Province of Alberta, and assignment of the Company's receipts from the Western Canada Lottery Corporation. As specific collateral for the demand bank loan, the bank holds a guarantee of the Government of the Province of Alberta.

Principal payments required over the next five years are as follows: 1988 - $1,597,200; 1989 - $1,387,300; 1990 - $1,403,700; 1991 - $1,421,600 and 1992 - $1,441,000.

Notes to Financial Statements — continued

September 30, 1987

4. Contributions for expansion of facilities and capital debt retirement

Accumulated contributions received less amounts amortized are summarized as follows:

	1987	1986
Grants and contributions:		
Western Canada Lottery Corporation	**$26,426,111**	$21,926,111
Province of Alberta —		
Coliseum grants	**$ 3,700,000**	$ 3,700,000
Western Canada Lottery Alberta Division	**1,850,000**	1,850,000
Western Canada Lottery Corporation	**3,500,000**	3,500,000
Department of Agriculture AgriCom grant	**7,250,000**	7,250,000
Pedway grants	**439,282**	439,282
Capital debt retirement from parimutuel taxes remitted	**9,521,971**	9,521,971
Other	**25,000**	25,000
	26,286,253	26,286,253
Government of Canada —		
Department of Industry, Trade and Commerce	**7,250,000**	7,250,000
Loto Canada	**1,850,000**	1,850,000
	9,100,000	9,100,000
City of Edmonton	**3,700,000**	3,700,000
Total grants and contributions received	**65,512,364**	61,012,364
Accumulated amortization	**14,082,900**	12,254,056
Unamortized grants and contributions	**$51,429,464**	$48,758,308

These contributions have been used to finance the acquisition of fixed assets as follows:

	1987		1986	
	Total contributions	**Unamortized amount**	Total contributions	Unamortized amount
Coliseum	**$14,629,007**	**$ 9,998,548**	$11,870,690	$ 7,505,712
AgriCom	**27,312,191**	**25,326,559**	26,112,191	24,684,031
Other buildings and improvements	**13,939,815**	**9,508,384**	13,939,815	10,017,540
Equipment	**4,544,543**	**1,509,164**	3,921,916	1,383,272
Properties acquired for future expansion	**5,086,809**	**5,086,809**	5,086,809	5,086,809
Construction in progress			80,944	80,944
	$65,512,365	**$51,429,464**	$61,012,365	$48,758,308

5. Interest expense

The Company has recorded interest expense net of interest income as follows:

	1987	1986
Interest expense:		
Long-term debt	**$1,738,066**	$2,057,635
Current debt	**103,549**	100,666
	1,841,615	2,158,301
Interest income:		
Term and other deposits	**550,820**	886,362
Interest expense net of interest income	**$1,290,795**	$1,271,939

Notes to Financial Statements — continued

September 30, 1987

6. Western Canada Lottery Alberta Division

Effective May 15, 1974, Edmonton Northlands and the Calgary Exhibition and Stampede formed a partnership for the purpose of conducting and operating continuing lottery schemes to be marketed throughout the Province of Alberta in accordance with the provisions of the Western Canada Lottery Corporation. The Interprovincial Lottery Licence provides that the proceeds through the lottery schemes are to be used by Foundations with province-wide impact in amateur sport and cultural development, agricultural societies, as well as for capital projects and debt retirement of Edmonton Northlands and the Calgary Exhibition and Stampede.

For the year ended March 31, 1986, Edmonton Northlands received $2,750,000 under the provisions of the Licence which was designated for capital projects and debt retirement. Under the provisions of the Licence in effect from April 1, 1986 to March 31, 1989, Edmonton Northlands is entitled to receive $5,000,000 annually, $4,500,000 of which must be used to make payments of principal and interest on debts incurred for capital development projects. This entitlement replaces the capital grant calculated from parimutuel tax remittances and also provides an increase in capital and other funding of approximately $1,000,000 per year. For the years ended September 30, 1987 and 1986, the following amounts have been reflected in the financial statements with respect to funding received from the Western Canada Lottery Corporation:

	1987	1986
Used for capital projects and debt retirement	**$4,500,000**	$3,626,746
Used for operating purposes	**500,000**	250,000
	$5,000,000	$ 3,876,746

7. Net change in non-cash working capital accounts

The net change in non-cash working capital accounts reflected in the statement of cash flows represents the following:

	1987	1986
Operating activities:		
Decrease (increase) in current assets —		
Amounts receivable	**$ 155,652**	$ (532,712)
Inventories and prepaid items	**(94,001)**	10,609
Increase (decrease) in current liablities —		
Accounts payable and accrued charges	**(852,635)**	1,301,424
	$(790,984)	$ 779,321
Financing activities:		
Decrease in current assets —		
Amounts receivable	**$**	$ 509,214
Increase in current liabilities —		
Accounts payable and accrued charges	**521,971**	1,250,985
	$ 521,971	$1,760,199

8. Contingencies

The City of Edmonton has issued notices to Edmonton Northlands, for substantial property and business taxes for the years 1983 to 1987, for increased lease rentals for 1984 and subsequent years and demanded payment of a portion of Northlands' reinvested earnings to the City. These financial demands are very significant relative to Northlands' financial position. Northlands has filed Notices of Objection in respect of taxes levied and has disputed the right of the City to claim increased lease rentals and payment of a portion of its reinvested earnings. The City of Edmonton has also filed a Statement of Claim for a declaration that the Northlands' reorganization undertaken in 1983 is invalid. A Statement of Defence has been filed by Northlands in support of its position. Negotiations between the parties have taken place during 1987 with a view to resolving these issues.

No provision has been made for the amounts, if any, which may have to be paid to the City. Any payments that Edmonton Northlands may be required to make will be accounted for as an adjustment of prior years' reinvested earnings.

9. Agreement to acquire racing program business

In 1986 Edmonton Northlands entered into an agreement to acquire, in 1991, the shares of the company which produces and supplies the thoroughbred and harness racing programs to Northlands. The purchase price is based on program sales for the five year period 1986 to 1990. The obligation up to September 30, 1987 amounts to $244,000 (1986 - $122,000) which has been placed in trust and is included in prepaid expenses and deposits. In 1987, subsequent to entering into the agreement, the controlling shareholder of this company became an employee of Northlands. Provisions are included in the employment contract to deal with situations where a conflict of interest could arise relative to this matter.

10. Comparative figures

Certain 1986 figures have been reclassified to facilitate comparison with the current year.

Edmonton Public Library Board

Auditors' Report

To The Edmonton Public Library Board

We have examined the balance sheet of the Edmonton Public Library Board as at December 31, 1987 and the statements of revenue and expenditures, surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Edmonton Public Library Board as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies as disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1988

Peat Marwick
Chartered Accountants

Edmonton Public Library Board

Balance Sheet

December 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986
Assets		
Current assets:		
Cash and term deposits	**$ 609**	$ 642
Accounts receivable	**5**	7
Prepaid expenses	**141**	120
Total current assets	**755**	769
Fixed assets:		
Land, buildings and equipment	**7,361**	7,361
Less accumulated depreciation	**(4,906)**	(4,351)
	2,455	3,010
	$3,210	$3,779
Liabilities and Surplus		
Current liabilities:		
Due to The City of Edmonton	**$ 93**	$ 122
Accounts payable and accrued liabilities	**148**	48
Unexpended grants and donations	**113**	88
Accrued interest on debentures	**81**	94
Current portion of debentures payable	**605**	555
Total current liabilities	**1,040**	907
Debentures payable (note 2)	**2,455**	3,010
Less current portion	**(605)**	(555)
	1,850	2,455
Surplus	**320**	417
Commitments and contingencies (note 3)		
	$3,210	$3,779

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Revenue and Expenditures

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Revenue:		
Grants:		
City of Edmonton	**$10,893**	$10,348
Province of Alberta	**2,244**	2,313
Fines and charges	**666**	662
Interest	**39**	56
Rental of premises	**50**	50
Other	**167**	149
Total revenue	**14,059**	13,578
Expenditures:		
Salaries, wages and employee benefits	**7,924**	7,763
Maintenance of properties	**1,441**	1,471
Books and library materials	**1,826**	1,870
Supplies	**1,137**	1,151
Property rentals	**941**	899
Debenture interest charges	**247**	290
Depreciation	**555**	505
Bookmobile and trailer operations	**29**	27
Total expenditures	**14,100**	13,976
Excess of expenditures over revenue	**$ 41**	$ 398

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Surplus

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Unallocated surplus:		
Balance, beginning of year	**$**	$ 331
Excess of expenditures over revenue	**(41)**	(398)
Interest income	**34**	
Capital expenditures	**(90)**	
Transfer from surplus allocated for capital projects	**94**	
Transfer from surplus allocated for Library system	**323**	67
Balance, end of year	**320**	
Surplus allocated for capital projects:		
Balance, beginning of year	**94**	86
Interest income on capital projects surplus		8
Transfer to unallocated surplus	**(94)**	
Balance, end of year		94
Surplus allocated for Library system:		
Balance, beginning of year	**323**	358
Interest income on Library system surplus		32
Transfer to unallocated surplus	**(323)**	(67)
Balance, end of year		323
Carnegie Fund surplus:		
Balance, beginning of year		4
Interest income on Carnegie Fund surplus		1
Expenditures during the year:		
Strathcona renovations		(5)
Balance, end of year		
Total surplus, end of year	**$ 320**	$ 417

See accompanying notes to financial statements.

Edmonton Public Library Board

Statement of Changes in Financial Position

Year ended December 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

	1987	1986
Operating activities:		
Excess of expenditures over revenue	$ (41)	$ (398)
Add (deduct):		
Item not affecting working capital:		
Depreciation	555	505
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	2	1
Grant receivable from the Province of Alberta		5
Prepaid expenses	(21)	10
Accounts payable and accrued liabilities	95	7
Accrued interest on debentures	(13)	(12)
Cash provided by operations	577	118
Surplus activities:		
Interest income	34	41
Capital expenditures	(90)	(5)
Reduction of investment with The City of Edmonton Reserve Fund		4
Surplus cash provided (used)	(56)	40
Cash provided by increase in unexpended grants and donations	25	34
Cash provided (used) by reduction in non-operating accounts payable and accrued liabilities	5	(1)
Repayment of debentures	(555)	(505)
Decrease in cash during the year	(4)	(314)
Cash, beginning of year	520	834
Cash, end of year	$ 516	$ 520
Cash, end of year:		
Cash and term deposits	$ 609	$ 642
Due to The City of Edmonton	(93)	(122)
	$ 516	$ 520

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1987

1. Summary of significant accounting policies:

(a) Operations:
The Edmonton Public Library Board operates under the authority of The Libraries Act of Alberta and is administered by an independent board which reports to Council of The City of Edmonton. It operates thirteen public libraries and a bookmobile, and derives its revenues from its library operations and grants from The City of Edmonton and the Province of Alberta.

(b) Fixed assets:
In accordance with accounting policies followed by municipal organizations, fixed assets acquired through debenture borrowing are carried at their original cost less accumulated depreciation. The annual depreciation charge equals the annual principal payment of the debenture debt.

Other fixed assets acquired are expensed in the year of acquisition.

(c) Revenue recognition:
Library fines and charges are recorded on a cash basis.

(d) Allocated surplus:
Allocated surplus consisted of amounts appropriated from general surplus to fund the expansion of library facilities, including the initial purchase of books, supplies, furniture and improvements and operating activities as directed by the Board. During the year the Board determined that all projects for which surplus had been allocated were complete. They directed that the balance of all allocated surplus be transferred to unallocated surplus.

(e) Government grants:
Certain government grants which are used to fund specific programs are applied against the costs of those programs.

(f) Interest on surplus accounts:
Interest earned on the surplus account funds are recorded within the respective surplus accounts.

In all other respects, these financial statements are in accordance with generally accepted accounting principles.

2. Debentures payable:

At December 31, 1987 the Board has outstanding debentures payable in the amount of $2,455,067 at varying interest rates between 5.75% and 14%. Subsequent to December 31, 1987 the interest rate on the 14% debentures was decreased to 12.75%. The debentures issued to date are eligible for an Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments shown below do not reflect the effect of the rebate.

The Board is required to make the following principal and interest payments during the next five years:

Year	Principal	Interest	Total
1988	$604,577	238,022	842,599
1989	510,816	173,433	684,249
1990	473,849	126,403	600,252
1991	421,348	84,891	506,239
1992	332,684	47,149	379,833

3. Commitments and contingencies:

The Board is committed to the following annual lease payments for rental of buildings:

Capilano branch	$33,460 per annum to January 31, 1990
Castledowns branch	$46,000 per annum to May 14, 1991
Londonderry branch	$60,000 per annum to January 31, 1994
Millwoods branch	$68,912 per annum to March 31, 1989
Southgate branch	$95,190 per annum to August 31, 1990

The Board is presently negotiating its contract with union employees who have been without a contract since September, 1987. Any retroactive payments due on settlement will be recorded as expenditures of 1988.

Royal Alexandra Hospitals

Auditors' Report

To the Chairman and Members of
the Board of Governors of the
Royal Alexandra Hospitals:

We have examined the balance sheet of the Royal Alexandra Hospitals as at March 31, 1987 and the following statements for the year then ended:

Integrated Fund	- Statement of Revenue and Expenses - Statement of Unappropriated Equity - Statement of Changes in Financial Position
Endowment and Special Purpose Fund	- Statement of Expendable Equity
Anderson Hall	- Statement of Unappropriated Equity

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the hospitals as at March 31, 1987 and the results of their operations and the changes in their financial position for the year then ended in accordance with the accounting principles as described in note 2 applied on a basis consistent with that of the preceding year.

Edmonton, Canada
June 19, 1987

Peat Marwick
Chartered Accountants

Royal Alexandra Hospitals

Statement 1

Balance Sheet

March 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

	1987	1986 (Restated)
Assets		
INTEGRATED FUND		
Operating:		
Cash and term deposits	**$ 3,286**	$ 464
Accounts receivable and recoverable:		
Patients	**1,034**	1,016
Province of Alberta	**87**	2,379
Due from Anderson Hall	**10**	5
Sundry	**534**	291
Inventory of supplies — at cost	**1,723**	1,465
Prepaid expenses	**474**	347
Total operating assets	**7,148**	5,967
Capital grants receivable — Province of Alberta	**1,346**	1,693
Total working assets	**8,494**	7,660
Buildings, land improvements and equipment (note 3)	**46,833**	44,975
	$55,327	$52,635
ENDOWMENT AND SPECIAL PURPOSE FUND		
Cash and term deposits	**$ 8,023**	$ 6,471
Other investments — at cost	**1**	6
Student loans receivable	**14**	18
Due from The City of Edmonton	**35**	41
Accounts receivable	**26**	26
Due from Integrated Fund	**760**	818
	$ 8,859	$ 7,380
ANDERSON HALL		
Current assets	**$ 141**	$ 88
Building and equipment — at cost less accumulated depreciation	**1,088**	1,112
	$ 1,229	$ 1,200

See accompanying notes to financial statements.

Royal Alexandra Hospitals

Statement 1

Balance Sheet

March 31, 1987
(with comparative figures
for 1986)
(in thousands in dollars)

	1987	1986 (Restated)
Liabilities and Equity		
INTEGRATED FUND		
Operating:		
Accounts payable and accrued liabilities	**$ 7,248**	$ 6,791
Due to Endowment and Special Purpose Fund	**760**	818
Current portion of debenture payable	**83**	73
Total operating liabilities	**8,091**	7,682
Capital holdbacks payable	**47**	55
Total working liabilities	**8,138**	7,737
Debenture payable (note 4)	**3,634**	3,717
Total liabilities	**11,772**	11,454
Unappropriated equity (Statement 3)	**43,555**	41,181
Commitments (note 7)		
	$55,327	$52,635
ENDOWMENT AND SPECIAL PURPOSE FUND		
Accrued interest payable	**$ 375**	$ 383
Endowment equity	**1**	6
Expendable equity (Statement 5)	**8,483**	6,991
Total equity	**8,484**	6,997
	$ 8,859	$ 7,380
ANDERSON HALL		
Accounts payable and accrued liabilities	**$ 29**	$ 26
Due to Integrated Fund	**10**	5
Debenture payable (note 4)	**909**	916
	948	947
Contributed surplus	**124**	124
Unappropriated equity (Statement 6)	**157**	129
	281	253
	$ 1,229	$1,200

See accompanying notes to financial statements.

Royal Alexandra Hospitals

Integrated Fund Statement of Revenue and Expenses

Year ended March 31, 1987
(with comparative figures
for 1986)
(in thousands of dollars)

Statement 2

	1987	1986 (Restated)
Revenue — patient:		
Provincial Government grants		
— global payments	**$107,791**	$103,732
Uninsured services	**4,609**	4,472
Admitting fees and differential charges — net (note 5)	**514**	582
Other	**51**	47
	112,965	108,833
Other revenue:		
Provincial Government grants		
— medical education	**1,176**	1,140
— school of nursing	**2,396**	2,265
— other	**241**	317
Food services	**1,723**	1,700
Miscellaneous	**548**	420
Recoveries from other hospitals	**186**	157
	6,270	5,999
Total revenue	**119,235**	114,832
Expenses:		
Salaries and wages	**81,159**	79,432
Employee benefits	**8,083**	7,688
Medical and surgical supplies	**7,259**	7,342
Drugs	**4,086**	3,619
General expenditures	**18,205**	17,254
Total expenses	**118,792**	115,335
Operating surplus (deficit) for the year	**$ 443**	$ (503)

See accompanying notes to financial statements.

Royal Alexandra Hospitals

Integrated Fund Statement of Unappropriated Equity

Year ended March 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

Statement 3

	1987	1986
Balance, beginning of year	**$41,181**	$40,797
Add:		
Operating surplus for the year (Statement 2)	**443**	
Capital grants — Province of Alberta	**4,161**	2,686
Capital contributions from Endowment and Special Purpose Fund	**770**	842
Transfer from Endowment and Special Purpose Fund to cover accumulated operating deficit (note 2(a))		452
	5,374	3,980
Less:		
Operating deficit for the year (Statement 2)		503
Depreciation and amortization	**2,850**	2,703
Cost of assets disposed of, retired or written-off during the period (net of accumulated depreciation)	**150**	327
Other		63
	3,000	3,596
Balance, end of year	**$43,555**	$41,181

See accompanying notes to financial statements.

Royal Alexandra Hospitals

Integrated Fund Statement of Changes in Financial Position

Year ended March 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

Statement 4

	1987	1986 (Restated)
Operating activities:		
Operating surplus (deficit) for the year	**$ 443**	$ (503)
Add (deduct):		
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**2,026**	(1,827)
Inventory	**(258)**	(105)
Prepaid expenses	**(127)**	(8)
Accounts payable	**457**	1,347
Due to Endowment and Special Purpose Fund	**(58)**	151
Other		(62)
Cash provided by (applied to) operations	**2,483**	(1,007)
Investing activities:		
Purchase of fixed assets	**(4,858)**	(3,464)
Capital grants — Province of Alberta	**4,161**	2,686
Capital contributions from the Endowment and Special Purpose Fund	**770**	842
Decrease (increase) in capital grants receivable — Province of Alberta	**347**	(160)
Increase (decrease) in capital holdbacks payable	**(8)**	55
Cash provided by (applied to) investing activities	**412**	(41)
Financing activities:		
Repayment of long-term debt	**(73)**	(64)
Cash applied to financing activities	**(73)**	(64)
Increase (decrease) in cash	**2,822**	(1,112)
Cash and term deposits, beginning of year	**464**	1,576
Cash and term deposits, end of year	**$ 3,286**	$ 464

See accompanying notes to financial statements.

Royal Alexandra Hospitals

Endowment and Special Purpose Fund Statement of Expendable Equity

Year ended March 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

Statement 5

	1987	1986 (Restated)
Balance, beginning of year		
As previously reported	**$ 7,000**	$ 4,387
Prior period adjustment (note 6)	**9**	
As restated	**6,991**	4,387
Add:		
Interest (note 1)	**1,395**	1,397
Parking lot revenues	**1,007**	978
Discretionary portion of admitting fees and differential charges (note 5)	**499**	593
Donations and grants	**470**	463
School of nursing surplus	**36**	51
Other	**34**	17
Vending machine revenues	**31**	32
Provincial Government grants	**20**	1,393
Prenatal classes and tours revenues	**11**	
Transfer from long-term equity	**5**	
	3,508	4,924
Deduct payments and appropriations:		
Capital additions	**697**	778
Parkade debenture interest	**409**	417
Parking expenses	**357**	296
Research	**230**	137
Transfer to integrated fund revenue to cover bad debts	**88**	14
Parkade debenture principal	**73**	64
Education and staff development	**64**	41
Expenditures from donation fund	**51**	27
Other	**19**	32
Vending machine expenses	**15**	15
Scholarships and awards	**7**	7
Prenatal classes and tours expense	**6**	
Transfer to integrated fund to cover accumulated operating deficit (note 2(a))		452
Refund to employees of rebate		40
	2,016	2,320
Balance, end of year	**$8,483**	$6,991

See accompanying notes to financial statements.

Anderson Hall Statement of Unappropriated Equity

Year ended March 31, 1987
(with comparative figures for 1986)
(in thousands of dollars)

Statement 6

	1987	1986
Unappropriated equity, beginning of year	**$ 129**	$ 130
Operating surplus (deficit) for the year (note 1)	**28**	(1)
Unappropriated equity, end of year	**$ 157**	$ 129

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1987

1. Nature of operations and financial statement presentation

The Royal Alexandra Hospitals are a 931 bed hospital complex owned by The City of Edmonton. The hospitals provide a full range of hospital services for central and northern Alberta.

The financial statements are prepared on a fund basis as follows:

Integrated Fund — includes the operating and capital assets of the hospitals.

Endowment and Special Purpose Fund — represents all assets held for special purposes including assets held as endowments. Interest earned from deposits in the Integrated Fund of $809,770 in 1987 ($945,213 in 1986) is recorded in the Endowment and Special Purpose Fund. Admitting fees and differential charges in excess of the amount collected from those sources during the 1982/83 fiscal year are also recorded in this fund. Reductions to this fund are as allowed by the Alberta Hospitalization Benefits Regulation described in note 2(a).

Anderson Hall — includes the assets, liabilities and equity of Anderson Hall which is a student apartment building. The revenues and expenses are not reflected in the hospitals' statement of revenue and expenses, but are reported on in separate audited financial statements which show an operating surplus of $27,612 in 1987 (deficit of $105 in 1986).

2. Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles except that i) depreciation provided on integrated fund assets is charged to unappropriated equity; ii) all leases are accounted for as operating leases; and iii) discretionary revenue has been recorded in the Endowment and Special Purpose Fund.

The following are the significant accounting policies:

(a) Revenue recognition:

Payments from the Province of Alberta are given recognition in the accounts as they are received or committed. Other revenue is recorded when earned.

The Alberta Hospitalization Benefits Regulations defines discretionary revenue as (i) authorized admission fees and preferred accommodation charges in excess of the amount collected from those sources during the 1982/83 fiscal year, (ii) donations, (iii) foundations, (iv) user charges, (v) net income from ancillary operations, and (vi) interest earned on investments. Discretionary revenue is not included in the operating surplus determined in accordance with the regulations.

In these financial statements discretionary revenue has not been included in the statement of revenue and expenses but has been included in the statement of expendable equity of the Endowment and Special Purpose Fund. Use of these funds is recorded as a reduction of the Endowment and Special Purpose Fund expendable equity.

Where the funds have been used to cover an operating expenditure of the hospitals, they have been recorded as revenue of the Integrated Fund.

(b) Capitalization policy:

Buildings, land improvements and major equipment additions are capitalized at cost.

Original minor equipment purchases are capitalized at cost. All subsequent minor equipment additions and replacements are expensed in the period of acquisition.

As fixed assets are disposed of or retired, the original cost and related accumulated depreciation of such assets is removed from the appropriate accounts and charged against unappropriated equity.

(c) Depreciation:

Depreciation on buildings, land improvements and major equipment is provided on the straight-line basis at rates sufficient to amortize the costs of the assets over their estimated useful lives. The depreciation rates are as follows:

Buildings	2%
Parking lot	10%
Major equipment	6.7%
Leasehold improvements	20%

Capital assets are funded by the Alberta Department of Hospitals and Medical Care and by expendable equity from the Endowment and Special Purpose Fund at the time of purchase. The assets are recorded at cost and the funding is added to unappropriated equity. Accordingly, depreciation is not recognized as a shareable expense but is charged directly to unappropriated equity.

(d) Leases:

Lease payments are expensed as they occur on all forms of leases. Under generally accepted accounting principles, a lease that transfers substantially all of the benefits and risks of ownership to the lessee should be accounted for as a capital lease by the lessee. Had such leases been accounted for as capital leases, the operating surplus for the current year would have been decreased by $22,060, assets would have been increased by $1,552,854, obligations would have been increased by $1,701,734, and unappropriated equity at beginning of year would have been reduced by $126,820.

3. Buildings, land improvements and equipment

All buildings and land improvements are the property of The City of Edmonton.

The major components are as follows:

	1987	1986
Buildings:		
Parkade and incinerator facilities	**$11,866,702**	11,652,483
General hospital	**13,352,784**	11,640,390
Women's hospital	**7,296,276**	7,235,537
Children's pavilion	**3,342,240**	3,342,240
School of nursing and residence	**3,153,268**	3,153,268
Food services pavilion	**1,303,588**	1,303,588
Leasehold improvements	**272,880**	272,880
Greenhouses	**3,986**	3,986
	40,591,724	38,604,372
Parking lot surfacing and other ground improvements	**531,973**	531,973
Major equipment	**29,762,287**	28,143,025
Minor equipment	**365,807**	359,607
Construction in progress	**297,504**	50,069
Total buildings, land improvements and equipment	**71,549,295**	67,689,046
Deduct accumulated depreciation and amortization	**24,716,315**	22,714,360
Net buildings, land improvements and equipment	**$46,832,980**	44,974,686

Notes to Financial Statements — continued

March 31, 1987

4. Debentures payable

The debenture debt is held by the Alberta Municipal Financing Corporation and is used to finance the parkade, incinerator, and ancillary facility.

The debt bears interest at 14¼% per annum but is eligible for the Province of Alberta interest rebate subsidy which reduces the effective rate to 11%. Annual payments to May 1, 2001 will be made from the Endowment and Special Purpose Fund. The next five annual principal repayments are:

May 1, 1987	$ 83,058
May 1, 1988	94,894
May 1, 1989	108,416
May 1, 1990	123,866
May 1, 1991	141,516

The debenture related to Anderson Hall is payable to Central Mortgage and Housing Corporation in semi-annual instalments of $34,874 (including interest at 6⅞% per annum) to June 1, 2020. The hospitals are considering demolition of Anderson Hall to expand the hospitals' facilities. No contract for this work has been signed and demolition is not expected to commence within the next year. If demolition proceeds, the debenture, which is secured by the building, will become payable at the time of demolition.

5. Admitting fees and differential charges — net

The net admitting fees and preferred accommodation charges (note 2(a)) are:

	1987	1986
Admitting fees	**$ 128,670**	260,020
Differential charges for preferred accommodation	**883,296**	914,560
	1,011,966	1,174,580
Discretionary portion transferred to expendable equity	**498,296**	592,800
Admitting fees and differential charges — net	**$ 513,670**	581,780

6. Prior period adjustments

The hospitals approved wage settlements retroactive to January 1, 1986 with certain of its Unions and out-of-scope employees. These settlements resulted in additional salaries and wage expense of $343,536 (including $8,597 attributable to the School of Nursing). The 1986 figures have been adjusted as follows:

	As Previously Reported	As Restated
Integrated Fund		
Accounts receivable — Province of Alberta	$ 2,044,295	2,379,234
Accounts payable and accrued liabilities	6,447,927	6,791,463
Due to Endowment and Special Purpose Fund	826,194	817,597
Provincial Government grants		
— global payments	103,397,082	103,732,022
— school of nursing	2,256,254	2,264,850
Salaries and wages	79,088,627	79,432,163
Endowment and Special Purpose Fund		
Due from Integrated Fund	$ 826,194	817,597
Expendable equity	6,999,733	6,991,136
School of nursing surplus	59,926	51,329

7. Commitments

Future minimum lease payment requirements over the next 5 years, under leases relating primarily to computer and office equipment, are as follows:

1988	$887,708
1989	632,164
1990	551,675
1991	412,778
1992	242,525

8. Comparative figures

Certain 1986 comparative figures have been reclassified to conform with the presentation adopted in 1987.

The Edmonton School District No. 7

Auditors' Report

To the Board of Trustees of
The Edmonton School District No. 7

We have examined the balance sheet of The Edmonton School District No. 7 as at August 31, 1987 and the operating fund statement of revenue, expenditures and deficit and the capital and loan fund statements of capital invested in fixed assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Edmonton School District No. 7 as at August 31, 1987 and the results of its operations and the changes in financial position of the capital and loan fund for the year then ended in accordance with the disclosed basis of accounting as explained in the basis of accounting note included in the summary of significant accounting policies, applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
October 15, 1987

Thorne Ernst & Whinney
Chartered Accountants

The Edmonton School District No. 7

Balance Sheet

	August 31 1987	1986
	(thousands of dollars)	
ASSETS		
OPERATING FUND		
CURRENT ASSETS		
Accounts receivable	**$ 22,848**	$ 23,223
Inventory of supplies	**1,817**	1,635
Due from capital and loan fund	**8,841**	8,918
Prepaid expenditures	**444**	870
	33,950	34,646
TRUST ASSETS		
Term deposits and investment certificates	**382**	294
Total Operating Fund	**34,332**	34,940
CAPITAL AND LOAN FUND		
FIXED ASSETS		
Land and improvements	**8,941**	8,939
Buildings, furniture and equipment	**344,265**	331,375
Total Capital and Loan Fund	**353,206**	340,314
	$387,538	$375,254

The Edmonton School District No. 7

Balance Sheet

	August 31	
	1987	1986
	(thousands of dollars)	
LIABILITIES, DEFICIT AND CAPITAL		
OPERATING FUND		
CURRENT LIABILITIES		
Bank indebtedness	**$ 26,680**	$ 29,083
Accounts payable and accrued liabilities	**4,076**	3,767
Purchase commitments	**2,655**	3,445
Deferred revenue	**1,004**	1,511
	34,415	37,806
DEFICIT	**465**	3,160
	33,950	34,646
TRUST LIABILITIES		
Scholarships and awards	**382**	294
Total Operating Fund	**34,332**	34,940
CAPITAL AND LOAN FUND		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**531**	537
Due to operating fund	**8,841**	8,918
	9,372	9,455
LONG-TERM DEBT (note 1)		
Capital loans	**1,976**	945
Debenture debt	**119,821**	126,235
	121,797	127,180
CAPITAL		
Capital surplus	**471**	453
Capital invested in fixed assets	**221,566**	203,226
	222,037	203,679
Total Capital and Loan Fund	**353,206**	340,314
	$387,538	$375,254

The Edmonton School District No. 7

Operating Fund Statement of Revenue, Expenditures and Deficit

	Year ended August 31	
	1987	1986
	(thousands of dollars)	
Revenue		
School foundation program fund	**$147,734**	$146,736
Provincial grants	**37,619**	36,416
Supplementary requisitions	**112,002**	105,813
Other	**12,862**	11,880
	310,217	300,845
Expenditures		
Salaries and employee benefits	**235,278**	224,076
Debt service, including bank interest	**28,157**	29,858
Utility services	**8,307**	9,466
Transportation services	**8,035**	8,244
Other services	**7,591**	7,164
Supplies and materials	**12,194**	14,710
Furniture and equipment	**7,960**	5,932
	307,522	299,450
SURPLUS FOR THE YEAR	**2,695**	1,395
Deficit at beginning of year	**3,160**	4,555
DEFICIT AT END OF YEAR	**$ 465**	$ 3,160

Capital and Loan Fund Statement of Capital Invested in Fixed Assets

	Year ended August 31	
	1987	1986
	(thousands of dollars)	
CAPITAL INVESTED DURING THE YEAR		
FROM OPERATING FUNDS FOR		
Furniture and equipment	**$ 7,960**	$ 5,932
Repayment of debentures	**10,091**	10,222
Repayment of capital loans	**289**	663
	18,340	16,817
Balance at beginning of year	**203,226**	186,409
BALANCE AT END OF YEAR	**$221,566**	$203,226

The Edmonton School District No. 7

Capital and Loan Fund Statement of Changes in Financial Position

	Year ended August 31	
	1987	1986
	(thousands of dollars)	
FUNDS DERIVED FROM		
Issue of debentures	**$ 3,677**	$ 4,206
Capital loans	**1,320**	534
Increase in capital invested in fixed assets	**18,340**	16,817
Proceeds from disposal of land	**18**	1
	23,355	21,558
FUNDS APPLIED TO		
Cost of additions to		
Land and improvements	**2**	3
Buildings, furniture and equipment	**12,890**	11,470
Repayment of debentures	**10,091**	10,222
Repayment of capital loans	**289**	663
	23,272	22,358
DECREASE (INCREASE) IN FUNDS PAYABLE	**(83)**	800
Funds payable at beginning of year	**9,455**	8,655
FUNDS PAYABLE AT END OF YEAR	**$9,372**	$ 9,455
Represented by:		
Due to operating fund	**$8,841**	$ 8,918
Accounts payable and accrued liabilities	**531**	537
	$9,372	$ 9,455

Notes to Financial Statements

Year ended August 31, 1987

GENERAL

Pursuant to the provisions of Alberta's School Act and through bylaws approved by its Board of Trustees, the Edmonton School District No. 7 is empowered to provide public education to its residents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Revenue, including grants from the Alberta government, and expenditures are recorded on the accrual basis except as follows:

(1) Salaries are recorded when paid.

(2) Operating fund purchase commitments are recorded in the year in which the goods or services are ordered.

(3) Principal and interest on debenture debt and capital loans are recorded when paid.

(4) Local improvement charges on new school sites are recorded when billed by the City of Edmonton.

Inventory of supplies

Inventory of supplies is valued at average cost.

Notes to Financial Statements — continued

Year ended August 31, 1987

Fixed assets

Fixed assets, including buildings, building additions, major capital improvements and furniture and equipment, are recorded at cost in the capital and loan fund.

Operating fund expenditures made during the year for replacements of, or additions to furniture and equipment are recorded as contributions to the capital and loan fund. In the capital and loan fund, these items are recorded as fixed assets and as an increase to capital invested in fixed assets.

Depreciation of fixed assets is not recorded in these financial statements.

1. LONG-TERM DEBT

Payments for each of the next five years on capital loan and debenture debt outstanding at August 31, 1987 are approximately as follows:

Year ending August 31	Principal	Interest
1988	$10,263,000	$15,240,000
1989	9,461,000	14,006,000
1990	8,977,000	12,893,000
1991	8,522,000	11,815,000
1992	8,181,000	10,775,000

2. CAPITAL CONSTRUCTION

At August 31, 1987, the commitment for the uncompleted portion of the construction program amounted to $214,000 (1986: $585,000). Substantially all of the construction program is to be financed through debenture borrowings which have been approved by the Local Authorities Board.

3. SCHOOL FUNDS

Individual schools offer various services and activities involving the receipt of monies which have not been included in the School District's accounting records. These services and activities include student unions, yearbooks, instructional materials, textbook rentals, field trips and fund-raising projects of various types. Based on reports submitted by each school for the most recent school year, it is estimated that the monies received from these services and activities approximated $9,751,000 (1986: $9,488,000) and cash balances on hand or in bank accounts approximated $2,390,000 as at August 31, 1987 (1986: $2,074,000).

Effective September 1, 1985, all individual schools were required to place excess school generated funds on deposit with the District. As at August 31, 1987, approximately $1,032,000 (1986: $793,000) of such funds have been placed on deposit with the District and are included in these financial statements.

The Edmonton R.C. Separate School District No. 7

Auditors' Report

To the Board of Trustees of The Edmonton R.C. Separate School District No. 7:

We have examined the capital and loan fund and operating fund balance sheet of The Edmonton R.C. Separate School District No. 7 as at August 31, 1987 and the statements of capital reserves and equity, revenue and expenditures and operating deficit and changes in capital and loan fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at August 31, 1987 and the results of its operations and the changes in its capital and loan fund for the year then ended, in accordance with accounting principles, as described in Note 1, on a basis consistent with that of the preceding period.

Schedule 3 accompanying the financial statements is presented as supplementary information only and not as a necessary part of the financial statements of the District. The information in this schedule has been subject to audit procedures only to the extent necessary to enable us to express an opinion on the financial statements of the District and, in our opinion, is fairly presented in all respects material to those financial statements.

Edmonton, Canada
October 22, 1987

Peat Marwick Reid & Cameron
Chartered Accountants

The Edmonton R.C. Separate School District No. 7

Balance Sheet

August 31, 1987
(with comparative figures
as at August 31, 1986)
(in thousands of dollars)

Statement 1

	1987	1986
ASSETS		
CAPITAL AND LOAN FUND		
Fixed:		
Land and servicing costs	**$ 4,875**	$ 4,875
Buildings	**110,597**	108,760
Furniture and equipment	**19,054**	17,979
	$134,526	$131,614
OPERATING FUND		
Cash in trust	**$ 193**	$ 233
Receivable from capital fund	**1,366**	1,181
Accounts receivable:		
Province of Alberta	**479**	1,229
City of Edmonton	**6,590**	6,305
Other	**468**	939
Inventories	**771**	974
Prepaid expenses	**380**	470
	$ 10,247	$ 11,331

(See accompanying notes)

The Edmonton R.C. Separate School District No. 7

Balance Sheet

August 31, 1987
(with comparative figures
as at August 31, 1986)
(in thousands of dollars)

Statement 1

	1987	1986
LIABILITIES AND EQUITY		
CAPITAL AND LOAN FUND		
Payable to operating fund	**$ 1,366**	$ 1,181
Construction holdbacks	**33**	67
Short-term capital loans (Note 2)	**153**	266
Debenture debt (Note 3)	**51,679**	53,091
Capital reserves and equity (Statement 2)	**81,295**	77,009
	$134,526	$131,614
OPERATING FUND		
Bank indebtedness:		
Outstanding cheques, less related bank balances	**$ 945**	$ 1,017
Bank loan	**2,125**	2,575
Accounts payable and accrued charges	**5,073**	5,065
Outstanding purchase commitments	**199**	365
Deferred revenue	**3,172**	3,106
Trust liabilities	**193**	233
Operating deficit (Statement 3)	**(1,460)**	(1,030)
	$ 10,247	$ 11,331

(See accompanying notes)

The Edmonton R.C. Separate School District No. 7

Statement of Capital Reserves and Equity

For the year ended August 31, 1987 (with comparative figures for the eight month period ended August 31, 1986) (in thousands of dollars)

Statement 2

	1987 (12 months)	1986 (8 months)
Balance of equity, beginning of period	**$76,544**	$74,252
Contributions from operating fund	**767**	1,031
Debentures redeemed	**3,858**	1,628
Appropriation of capital reserves to equity	**117**	(367)
Amortization of B.Q.R.P. expenditures	**(451)**	(167)
Short-term capital loans paid	**112**	167
Increase in equity during period	**4,403**	2,292
Balance of equity, end of period	**$80,947**	$76,544
Balance of capital reserves, beginning of period	**$ 465**	$ 98
Appropriation from capital reserves to equity	**(117)**	367
Balance of capital reserves, end of period	**$ 348**	$ 465
Total capital reserves and equity, end of period	**$81,295**	$77,009

(See accompanying notes)

The Edmonton R.C. Separate School District No. 7

Statement of Revenue and Expenditures and Operating Deficit

For the year ended August 31, 1987 (with comparative figures for the eight month period ended August 31, 1986) (in thousands of dollars)

Statement 3

	1987 **(12 months)**	1986 (8 months)
Revenue (Schedule 1):		
Provincial foundation plan	**$ 61,700**	$ 38,282
Other provincial grants	**12,478**	7,637
Supplementary requisition	**38,972**	25,220
Federal government	**855**	732
Other revenue	**4,198**	2,032
	118,203	73,903
Expenditures (Schedule 2):		
Salaries	**83,287**	53,080
Employee benefits	**7,008**	4,198
Services purchased and contracted	**13,874**	9,517
Supplies and materials	**3,062**	1,675
Contributions to capital fund	**766**	1,031
Debt services	**10,614**	3,689
	118,611	73,190
Excess of expenditures over revenue for the period	**(408)**	713
Prior period adjustments	**(22)**	(16)
Operating deficit, beginning of period	**(1,030)**	(1,727)
Operating deficit, end of period	**$ (1,460)**	$ (1,030)

(See accompanying notes)

The Edmonton R.C. Separate School District No. 7

Statement of Changes in Capital and Loan Fund

For the year ended August 31, 1987 (with comparative figures for the eight month period ended August 31, 1986) (in thousands of dollars)

Statement 4

	1987 (12 months)	1986 (8 months)
Funds provided:		
Increase in capital reserves and equity	**$ 4,736**	$ 2,827
Debentures issued	**2,445**	43
	7,181	2,870
Funds applied:		
Purchases of —		
Buildings	**2,288**	2,762
Furniture and equipment	**1,075**	
Debentures redeemed	**3,857**	1,628
Short-term capital loans paid	**112**	167
	7,332	4,557
Decrease in funds during period	**(151)**	(1,687)
Funds receivable (payable), beginning of period	**(1,248)**	439
Funds payable, end of period	**$(1,399)**	$(1,248)
Represented by:		
Payable to operating fund	**$(1,366)**	$(1,181)
Construction holdbacks	**(33)**	(67)
	$(1,399)	$(1,248)

(See accompanying notes)

Notes to Financial Statements

August 31, 1987

1. Significant Accounting Policies

These financial statements have been prepared in accordance with the following accounting policies which are consistent with the accounting principles used by the Alberta Department of Education for Alberta School Districts.

(a) Fixed Assets:
Fixed assets are recorded at cost and no provision for depreciation has been made in these financial statements.

Building Quality Restoration Program (B.Q.R.P.) expenditures are capitalized to the extent that they are funded by debenture or short-term capital loans.

Amortization of the B.Q.R.P. assets is provided to the extent of the related debenture and short-term capital loan principal payments.

(b) Purchase Commitments and Unexpended Decentralized Budgets:
The District follows the policy of recording operating fund purchase commitments and unexpended decentralized school budgets as expenditures in the year the funds are committed or budgeted rather than in the year the goods and services are received and the actual liability incurred. In a period where schools spend in excess of the budget, the amount relating to future school years is recorded as accounts receivable.

(c) Inventories:
Inventories are valued at average cost.

(d) Revenue Recognition:
Revenue is recorded using the accrual basis of accounting.

(e) Interest on Debentures:
Interest on debenture debt is recorded as an expenditure when paid. No provision for accrued interest payable on debenture debt has been recorded in the accounts as payment of this interest is funded through the Provincial Foundation Plan.

(f) Prior Period Adjustments:
All items affecting operations of previous periods are adjusted directly through the surplus (deficit) account.

(g) Deferred Revenue:
The District follows the policy of matching the funding received with debenture principal and interest repayments for the period. Funding received in advance of repayments is recorded as deferred revenue.

Revenue received in advance for the following school year is also recorded as deferred revenue.

2. Short-Term Capital Loans

Short-term capital loans are repayable as follows:

1988	$112,278
1989	40,813
	$153,091

Under the terms of the Building Quality Restoration Program, the repayment of loans and interest thereon is funded by the Provincial Foundation Plan.

3. Debenture Debt

Principal and interest payments on debenture debt are due as follows:

	Principal	Interest
1987	$ 3,913,305	$ 5,796,047
1988	3,791,405	5,382,874
1989	3,743,405	5,016,919
1990	3,663,405	4,637,194
1991	3,536,805	4,250,500
1992 to maturity	33,030,239	24,858,054
	$51,678,564	$49,941,588

Repayment of debentures and interest thereon is funded by the Provincial Foundation Plan.

4. School Generated Funds

Funds may be generated by individual schools through fund raising projects, incidental sales and other activities. The receipts and disbursements related to these funds are not included in the accounting records of the school district and, therefore, are not reflected in these financial statements.

5. Comparative Figures

The August 31, 1986 financial statements were reported on by other auditors. Certain figures have been reclassified to conform with the presentation adopted for the current year.

The Edmonton R.C. Separate School District No. 7

Schedule of Operating Revenue by Source

For the year ended
August 31, 1987
(with comparative figures
for the eight month period
ended August 31, 1986)
(in thousands of dollars)

Schedule 1

	1987 (12 months)	1986 (8 months)
Province of Alberta:		
Provincial Foundation Plan —		
Per pupil grants	**$ 49,186**	$ 32,465
Transportation and boarding allowance	**3,297**	2,132
Debt retirement	**8,465**	2,943
Building Quality Restoration Program	**585**	602
Approved capital loans	**167**	140
	61,700	38,282
Other provincial grants —		
Special Education Program	**4,481**	2,624
Vocational pupils C.E.U.'s	**641**	244
Extension program	**69**	39
Initiation to teaching	**570**	447
Teachers' inservice	**238**	137
Institutional	**87**	62
Educational opportunity fund	**1,002**	586
Early childhood services	**3,173**	1,830
English as a Second Language	**263**	150
Wards of the province	**20**	17
Equity grants	**557**	319
Polish and Ukrainian languages	**85**	594
Other	**609**	55
Official language (French)	**396**	337
Community schools	**287**	196
	12,478	7,637
Supplementary requisition	**38,972**	25,220
Federal government:		
Tuition fees	**176**	112
French grants	**679**	565
Continuing education		55
	855	732
Other revenue:		
Tuition fees and transportation	**1,903**	952
Textbook rentals	**575**	30
Rental fees	**1,388**	842
Investment income	**238**	155
Sundry	**94**	53
	4,198	2,032
	$118,203	$ 73,903

The Edmonton R.C. Separate School District No. 7

Schedule of Operating Expenditures by Object

For the year ended August 31, 1987 (with comparative figures for the eight month period ended August 31, 1986) (in thousands of dollars)

Schedule 2

	1987 (12 months)	1986 (8 months)
Salaries:		
Teaching regular	**$ 63,845**	$ 41,007
Teaching temporary	**1,021**	564
Non-teaching regular	**17,722**	11,006
Non-teaching temporary	**649**	464
Trustees' remuneration	**50**	39
	83,287	53,080
Employee benefits and allowances:		
Distributed benefits	**6,495**	3,918
Advanced study and bursaries	**512**	266
In-service training	**1**	14
	7,008	4,198
Services purchased and contracted:		
Professional and technical	**985**	482
Postage and telegraph	**42**	32
Public utility service	**3,697**	2,794
Travel and subsistence	**351**	247
Transportation of pupils	**4,749**	2,638
Maintenance and repair	**2,397**	2,163
Rental	**417**	285
Taxes	**37**	38
Tuition	**404**	239
Dues and fees	**183**	172
Printing	**125**	105
Insurance and bond premiums	**421**	256
Advertising	**66**	66
	13,874	9,517
Supplies and materials:		
Supplies	**1,711**	979
Textbooks	**1,014**	354
Media materials	**375**	358
Warehouse inventory adjustment	**(25)**	(26)
Maintenance inventory adjustment	**(13)**	10
	3,062	1,675
Contributions to capital fund:		
Equipment and furniture	**745**	652
Building reserve		367
Vehicles	**21**	12
	766	1,031
Debt services:		
Debenture debt principal	**3,858**	1,628
Debenture debt interest	**6,402**	1,672
Short-term capital loan principal	**112**	167
Short-term capital loan interest	**22**	62
Bank interest and charges	**220**	160
	10,614	3,689
	$118,611	$ 73,190

The Edmonton R.C. Separate School District No. 7

Schedule of Per Pupil Costs

For the year ended August 31, 1987 (with comparative figures for the eight month period ended August 31, 1986) (Unaudited)

Schedule 3

	1987 (in thousands of dollars)	**Per Pupil (Based on September Enrolment)**	1986 (in thousands of dollars)	Per Pupil (Based on September Enrolment)
	(12 months)		(8 months)	
Instructional expenses:				
Teachers' salaries, pupil and classroom supplies and textbooks	**$71,971**	**$2,739.44**	$ 45,614	$1,757.23
Special education:				
Teachers' salaries, pupil and classroom supplies and textbooks	**7,096**	**270.12**	4,284	165.04
Administration:				
Salaries, stationery, supplies	**6,242**	**237.58**	4,136	159.34
Operation and maintenance:				
Salaries, utilities and maintenance	**16,320**	**621.19**	11,813	455.08
Transportation of pupils	**4,813**	**183.19**	2,660	102.45
Debt services:				
Debenture interest, redemption and bank charges	**10,614**	**404.00**	3,689	142.11
	117,056	**$4,455.52**	72,196	$2,781.25
Community services	**1,555**		994	
	$118,611		$ 73,190	

September enrolment:	1987	1986
Kindergarten (full-time equivalent)	**1,167**	1,096
Elementary	**12,312**	11,838
Junior high	**5,378**	5,464
Senior high	**6,236**	6,320
Special education	**1,179**	1,240
Total enrolment	**26,272**	25,958